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Letter dated 1 June 2004 from the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia addressed to the President of the Security Council

On behalf of the Security Council Committee established pursuant to resolution 1521 (2003) concerning Liberia, and in accordance with paragraph 22 of the same resolution, I have the honour to submit herewith the report of the Panel of Experts on Liberia.

I would appreciate it if this letter, together with its enclosure, were to be brought to the attention of the members of the Security Council and issued as a document of the Council.

(*Signed*) Munir **Akram**
Chairman
Security Council Committee established pursuant
to resolution 1521 (2003) concerning Liberia

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Annex

Letter dated 17 May 2004 from the Chairman of the Panel of Experts on Liberia addressed to the Chairman of the Security Council Committee established pursuant to resolution 1521 (2003)

On behalf of the members of the Panel of Experts on Liberia, we have the honour to enclose the report of the Panel, prepared in accordance with paragraph 22 of Security Council resolution 1521 (2003).

Panel of Experts on Liberia

(*Signed*) Atabou **Bodian**
Chairman

(*Signed*) Arthur **Blundell**

(*Signed*) Damien **Callamand**

(*Signed*) Caspar **Fithen**

(*Signed*) Tommy **Garnett**

Report of the Panel of Experts pursuant to paragraph 22 of Security Council resolution 1521 (2003) concerning Liberia

Contents

		Paragraphs	Page
	Abbreviations		6
	Summary	1–2	7
	Observations and recommendations	3–7	7
I.	Introduction	8–21	8
	A. General	8–9	8
	B. Methodology of the investigation	10–15	9
	C. Basis for the sanctions regime	16–21	10
II.	Liberia and regional stability	22–51	11
	A. Security	24–27	11
	B. Disarmament	28	13
	C. Socio-economic and humanitarian situation in Liberia	29–36	13
	D. Sierra Leone	37–41	14
	E. Guinea	42	15
	F. Côte d'Ivoire	43–46	15
	G. Situation of former combatants in Liberia	47–51	16
III.	Arms	52–59	17
	A. General situation	52–54	17
	B. Arms shipments to Liberia	55–56	17
	C. Tracing weapons	57	19
	D. ECOWAS moratorium	58–59	19
IV.	Civil aviation	60–79	20
	A. Flight monitoring	60–72	20
	B. Civil aviation in Liberia	73–77	22
	C. Guinea	78	23
	D. Conclusion	79	23
V.	Financial matters	80–87	24
	A. Financial insecurity	80–82	24
	B. Budget, 1 February to 30 June 2004	83	24
	C. Private business and civil society	84–85	25

D. Forestry Development Authority ... 86 25

E. Recommendations ... 87 25

VI. Diamonds ... 88–96 26

A. General ... 88–92 26

B. Kimberly Process Certification Scheme and diamond sector reform ... 93 27

C. Recommendations ... 94–96 28

VII. Timber ... 97–120 29

A. Present situation ... 97–110 29

B. Future ... 111–114 31

C. Past ... 115–117 34

D. Recommendations ... 118–120 36

VIII. Humanitarian impact of timber sanctions ... 121–152 37

A. Public opinion polls on sanctions ... 130–144 39

B. Observations and recommendations ... 145–152 42

IX. Travel ban ... 153–156 44

Annexes*

I. Meetings and consultations ... 1

II. Arms shipments to Liberia in 2003 ... 6

III. Original cargo manifest for Kleilat flight 9G-LAD, Tehran to Monrovia ... 10

IV. Second cargo manifest for flight 9G-LAD for "Rescue Programme of Liberia" ... 12

V. Qeshm Air cargo manifests for Kleilat Group Corporation flights from Tehran to Monrovia ... 13

VI. Fraudulent use of Astral letterhead by Gatewick Aviation Services ... 16

VII. Overflight and landing request to Mali by Gatewick Aviation Services to deliver "fresh fruit" to Liberia ... 17

VIII. Robertsfield International Airport: flight movements ... 18

IX. Minimum standards of the Kimberly Process Certification Scheme ... 19

X. Contract dated 22 December 2003 between Carlton Resources Inc. and the Liberian Forestry Development Authority to purchase 15,000 m^3 of logs abandoned at Buchanan at US$ 32 per m^3 ... 22

XI. Subcontract dated 30 March 2004 between Cendar Timber Company and the Liberian Forestry Development Authority to process all abandoned logs anywhere in Liberia ... 24

XII. Example of the $7.5 million in payments made by the Oriental Timber Corporation and requested by the former Deputy Minister of Finance, Juanita Neal ... 25

* The annexes are being circulated in the language of submission only.

XIII. Authorization by the Managing Director of the Liberian Forestry Development Authority, Bob Taylor (brother of former President Taylor), requiring Maryland Wood Processing Industries to pay the local army commander, General Sumo, $4,000 per month for local security 28

XIV. Questionnaires regarding public opinion about sanctions 29

XV. Results of polls regarding Liberian opinions on sanctions 31

XVI. Letter dated 16 January 2004 from the Secretary-General addressed to the President of the Security Council 34

Abbreviations

ASECNA	Agence pour la sécurité de la navigation aérienne en Afrique et à Madagascar
ECOMIL	Economic Community of West African States Mission in Liberia
ECOWAS	Economic Community of West African States
FAO	Food and Agriculture Organization of the United Nations
FDA	Forestry Development Authority
FIR	Flight Information Region
ICAO	International Civil Aviation Organization
ICRC	International Committee of the Red Cross
IMF	International Monetary Fund
LURD	Liberians United for Reconciliation and Democracy
MODEL	Movement for Democracy in Liberia
MWPI	Maryland Wood Processing Industries
OTC	Oriental Timber Corporation (Liberia)
PCASED	Programme for Coordination and Assistance for Security and Development
RIA	Robertsfield International Airport
RUF	Revolutionary United Front
UNAMSIL	United Nations Mission in Sierra Leone
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNMIL	United Nations Mission in Liberia
WFP	World Food Programme

Summary

1. The conflict has caused much hardship for most Liberians. In the current climate of political uncertainty, economic deprivation, fragile peace and the absence of secure and diverse opportunities for sustaining livelihoods, the vast majority of Liberians perceive current investments being made in their country by the international community as a once-in-a-lifetime opportunity to achieve lasting peace and to establish the foundations for sustainable development and improved living conditions for all. Furthermore, the presence in Liberia of the largest United Nations peacekeeping mission in the world has raised expectations among ordinary Liberians about increased prospects for employment, lucrative service contracts for the private sector, a boom in the housing market and countless opportunities for technical skills training. At the same time, the prevailing high levels of poverty, illiteracy and the appalling social and economic conditions that affect most Liberians could deprive them of the access to the many economic opportunities that the international community and peacekeeping mission bring to Liberia.

2. While abiding by the rules of a free market economy, current thinking should be underpinned by the urgent need to build a peaceful Liberia through the active participation of all Liberians and their expatriate counterparts. Consideration should therefore be given to the current socio-economic status of most Liberians and appropriate steps taken to ensure that they have unhindered access to a fair share of the existing economic opportunities for which, under normal circumstances, their current status would not qualify them.

Observations and recommendations

3. **Arms**. The Panel has found no evidence of weapons trafficking into Liberia since August 2003. However, organized, international smuggling networks remain in place and could be reactivated at any time. Disarmament is progressing, but there is a strong possibility that factions may have cached weapons either within Liberia or in neighbouring countries. As a result, regional stability continues to be a subject of concern. Therefore, the sanctions on arms should remain and the ECOWAS moratorium on small arms should be implemented. Further, the origin of weapons surrendered in the disarmament process should be established.

4. **Civil aviation**. The National Transitional Government of Liberia is currently applying the regulations of international civil aviation and flights are now operating more safely. It is recommended that the Liberian civil aviation authority should continue to implement fully these international standards.

5. **Diamonds**. In the context of poor internal security, diamond mining in Liberia has virtually ceased. In consequence, current levels of smuggling are negligible. The National Transitional Government has begun taking urgent steps towards the establishment of an effective certificate of origin scheme for trade in rough diamonds that is transparent and internationally verifiable, with a view to joining the Kimberley Process. It is recommended that these positive steps should be accelerated by financial and technical support from the international community.

6. **Timber**. Sanctions appear effective; there is no evidence of widespread exports. However, the United Nations Mission in Liberia (UNMIL) is still not deployed in the forest-rich south-east of Liberia, and the Forestry Development

Authority (FDA) does not function outside Monrovia. Given evidence of past FDA complicity with human rights abuses and widespread corruption, a comprehensive review of the industry is required by an independent authority. Likewise, the lack of trained personnel, including accountants, suggests that a management company should be appointed to run the Authority. Until the Forestry Development Authority is operational and security is achieved, the conditions necessary to lift sanctions will not be met, as the revenue from forestry and the security forces used by logging companies could be a source of regional instability.

7. **Humanitarian impact**. The sanctions on Liberia have contributed significantly to ending the country's 14-year cycle of armed conflicts and laying the foundations for lasting peace and good governance. The erosion of former President Taylor's power base was a direct result of the sanctions, as has been the inability of former warring factions and their expatriate counterparts to use diamonds and timber to prolong the conflict. At the same time the sanctions on diamonds and timber have had some adverse effects, relating to the absence of employment for thousands of Liberians, the loss of tax revenues to the Government and road maintenance opportunities previously provided by logging companies (see S/2003/793). Despite these hardships, a poll undertaken by the Panel indicates that many Liberians now understand the rationale for all the sanctions imposed on their country and view the current efforts by the international community to facilitate reforms in Liberia as positive steps towards durable peace and sustainable development.

I. Introduction

A. General

8. Pursuant to Security Council resolution 1521 (2003) of 22 December 2003, the Secretary-General appointed a Panel of Experts to conduct a follow-up assessment to Liberia and neighbouring States on:

(a) Compliance with sanctions imposed on the trade in weapons, diamonds, timber products, and the travel of those people deemed to constitute a threat to the creation of peace, stability and democracy in Liberia and lasting peace in the subregion;

(b) Violations involving all actors, including rebel movements and neighbouring countries;

(c) Sources of financing, such as from natural resources, for the illicit trade in arms;

(d) Maintenance and respect of the ceasefire; disarmament, demobilization, reintegration, repatriation and restructuring of the security sector, and the maintenance of stability in the subregion;

(e) Steps taken by the National Transitional Government of Liberia to establish an effective certificate of origin regime for trade in diamonds that is transparent and internationally verifiable with a view to joining the Kimberley Process;

(f) Steps taken by the National Transitional Government of Liberia to establish full authority and control over the timber producing areas, and to ensure that government revenues from the Liberian timber industry are not used to fuel conflict or otherwise in violation of the Council's resolutions but are used for legitimate purposes for the benefit of the Liberian people, including development;

(g) Observations and recommendations, including, inter alia, how to minimize any humanitarian and socio-economic impact of the measures imposed by the timber sanctions.

9. The Panel of Experts consisted of a timber expert, Arthur Blundell (Canada); a civil-aviation expert and Chair of the Panel, Atabou Bodian (Senegal); an expert with Interpol investigative and arms experience, Damien Callamand (France); a diamond expert, Caspar Fithen (United Kingdom of Great Britain and Northern Ireland); and an expert on humanitarian and socio-economic aspects, Tommy Garnett (Sierra Leone). Assistance on financial aspects was provided by Hamish Thomson (United Kingdom of Great Britain and Northern Ireland).

B. Methodology of the investigation

10. *Visits to countries.* The Panel travelled extensively to the countries involved, or believed to be connected, in the trafficking of weapons, diamonds and timber. One or more members of the Panel visited Belgium, Côte d'Ivoire, France, Guinea, the Islamic Republic of Iran, Italy, Kenya, Liberia, Mali, Senegal, Switzerland, Sierra Leone, Swaziland, the United Arab Emirates, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

11. *Field visits.* In order to make a first-hand assessment members of the Panel spent February, March, April and May in Liberia. Travel outside Monrovia was restricted. Nonetheless, UNMIL provided transport to Tubmanburg, Fish Town, Buchanan, Harper, Zwedru, Toe Town and Gbarnga, and overflights along the coast, the Côte d'Ivoire border, and throughout the diamond region of Lofa and Nimba Counties. Other Panel members travelled extensively in the interior of Sierra Leone and Guinea.

12. *Interviews.* In Liberia, the Panel met the Chairman of the National Transitional Government of Liberia, the Special Representative of the Secretary-General, the National Transitional Government task force (Cabinet members), the diplomatic corps, and members of United Nations organizations, industry and non-governmental organizations. The diamond expert met extensively with the Minister of Lands, Mines and Energy, Jonathan Mason, as did the timber expert with the Managing Director of the Forestry Development Authority, Eugene Wilson, and their respective staffs. In other countries visited, the Panel interviewed governmental authorities and, where relevant, diplomatic missions, commercial bodies, civil society organizations, aid agencies, private sector firms and journalists (see annex I). Given the sensitive nature of the Panel's work, many individuals spoke on condition of anonymity.

13. *Assistance from international and regional organizations.* The Panel wishes to acknowledge the invaluable assistance provided by UNMIL and UNAMSIL, especially in providing all necessary administrative support and logistics for the Panel's work and travel in Liberia and the subregion. UNMIL radio was also

instrumental in conducting the public opinion polls regarding sanctions on Liberia. The Panel received useful cooperation and assistance from several international organizations, such as UNMIL, UNDP, Interpol, ICAO, ASECNA, the French forces (Licorne), WFP, UNHCR, UNAMSIL, ICRC, UNIDO, the Danish Refugee Council and the Special Court for Sierra Leone.

14. *Assistance from private commercial enterprises*. The Panel received useful cooperation from a number of private enterprises including the Liberian Timber Association, Mano Resources, and other Liberian and international companies.

15. *Standards of verification*. The Panel used the same high evidentiary standards in its investigations as used in its previous reports (S/2001/1015, S/2002/470, S/2002/1115, S/2003/498, S/2003/779 and S/2003/937): at least two credible and independent sources of information to substantiate a finding. Wherever possible, the Panel also put allegations to those concerned so as to allow them the right of reply.

C. Basis for the sanctions regime

16. In 2001, the Security Council demanded that Liberia cease its support of the Revolutionary United Front (RUF) in Sierra Leone and ground all Liberia-registered aircraft until Liberia implemented annex VII to the Chicago Convention on International Civil Aviation (resolution 1343 (2001)). To compel Liberia to meet these demands, the Security Council imposed sanctions on arms, diamonds, and the travel of key individuals providing support to armed rebels.

17. Although Liberia appears to have stopped its support of RUF (see S/2003/498), there have been repeated violations of the sanctions imposed by resolution 1343 (2001) and extended by resolutions 1408 (2002) and 1478 (2003). Further, Liberians have supported armed rebels in Liberia, Guinea and Côte d'Ivoire.

18. Therefore, the Security Council (resolutions 1408 (2002) and 1478 (2003)) demanded that all States in the region cease military support for armed groups, prevent armed groups from using their territory to prepare and commit attacks on neighbouring countries and refrain from any actions that might contribute to further destabilization of the region.

19. To that end, the Security Council called upon the Government of Liberia to establish audit regimes and to ensure that revenue from shipping and timber was used for legitimate purposes that did not violate sanctions (resolution 1408 (2002)).

20. To further increase pressure on the Government of Liberia and other combatants, the Security Council extended sanctions to include all timber products originating from Liberia (resolution 1478 (2003)).

21. In December 2003, the Security Council noted the changed circumstances in Liberia, in particular the departure of former President Charles Taylor and the formation of the National Transitional Government of Liberia (resolution 1521 (2003)). Nonetheless, the Security Council remained concerned that a ceasefire and the Comprehensive Peace Agreement were not yet universally implemented, and that much of the country remained outside the authority of the National Transitional Government of Liberia, particularly those areas to which UNMIL had not yet deployed. Furthermore, the Security Council remained

concerned that the linkage between the illegal exploitation of and trade in natural resources such as diamonds and timber and the proliferation and trafficking of illegal arms was a major source fuelling and exacerbating conflict in West Africa. Therefore, the Security Council renewed the sanctions on arms, diamonds, timber, and the travel of key individuals. Further, the Security Council subsequently decided that all States would freeze the relevant assets of Charles Taylor, Jewel Howard Taylor and Charles Taylor, Jr., and/or those other individuals and entities subsequently designated by the sanctions Committee (resolution 1532 (2004)).

II. Liberia and regional stability

22. Following the deployment of UNMIL, there is now hope for a lasting peace in Liberia. Disarmament is proceeding calmly. Corruption remains widespread, however, and the task of rebuilding is daunting. Liberia still has no public electric or water utilities, even in the capital, Monrovia. Food security and health care also remain a concern.

23. Under the terms of the Comprehensive Peace Agreement, signed on 18 August 2003 at Accra, Liberia is governed by a National Transitional Government. Cabinet positions, public corporations, agencies and commissions have been divided among the three warring factions (annex 4 to the Comprehensive Peace Agreement): members of the ex-Government of Liberia loyal to former President Charles Taylor, and the rebel groups, Liberians United for Reconciliation and Democracy (LURD) and the Movement for Democracy in Liberia (MODEL). MODEL has been allocated the leadership of both the Forestry Development Authority and the Ministry of Lands, Mines and Energy, which has responsibility for the management of diamonds. The National Transitional Government will preside until general elections in October 2005.

A. Security

24. The 14,000 UNMIL peacekeepers are providing security to most of Liberia. As at 19 May, the country is divided between areas of security Phase IV and Phase V (see figure). UNMIL has still not deployed fully throughout Liberia; the south-eastern county of Maryland remains in the control of MODEL. Deployment to Harper and the rest of Maryland will be difficult because UNMIL lacks a transport ship and road access is poor during the rainy season (May-October).

25. Even in areas where UNMIL has deployed, troops generally only patrol the main towns and roads. Security in rural areas remains weak. Further, local people complain that UNMIL troops will not engage in policing activity, which is outside the peacekeeping mandate.

Security situation in Liberia as at 19 May 2004

Source: Office of the United Nations Security Coordinator.

26. On the civilian side of UNMIL, the United Nations force is under capacity. Fewer than half of the civilian positions have been filled. The United Nations civilian police have deployed throughout Liberia except in the south-east. Civil authority is tenuous, however, throughout most of Liberia.

27. In summary, the overall security situation is calm but unpredictable. Many ex-combatants are upset that they have been abandoned by their former leaders, now assumed to be living comfortable lives in Monrovia. Other triggers for civil disorder include frustration with the pace of disarmament, demobilization, rehabilitation and reintegration, and dissatisfaction with political developments, corruption, and criminality. This frustration is leading to a resurgence of violence, looting, and illegal checkpoints. For the most part, UNMIL has been able to intervene to maintain order.

B. Disarmament

28. The disarmament process has proceeded remarkably calmly. There is some concern about the low rate of weapons handover. Of an estimated 60,000 ex-combatants, more than 18,000 were registered by the United Nations disarmament, demobilization, rehabilitation and reintegration process as at 1 May.

C. Socio-economic and humanitarian situation in Liberia

29. The country's urban and rural communities anxiously await the end of the disarmament, demobilization, rehabilitation and reintegration process to signal the final end of hostilities and the start of national reconstruction in earnest. Despite the prevailing political uncertainties and extremely difficult and challenging social and economic conditions, Liberian civil society remains a vibrant and dynamic force that can help determine whether peace will lead to improved living conditions and prosperity for all or to an intensification of the unsustainable exploitation of resources that characterized the priorities of previous administrations.

30. During visits by the Panel to Liberia from February to May 2004, the humanitarian situation (in comparison with September 2003) appeared to have improved significantly in Monrovia and the nearby port town of Buchanan. In all of the administrative headquarters of the counties visited by the Panel — Bong, Grand Cape Mount, Grand Gedeh, Lofa, Margibi, Maryland, Montserrado, Nimba, Lofa and Sinoe — some level of social and livelihood activity was noticeable, evidence of the fact that the efforts of the international community to restore peace to war-torn Liberia have begun to pay off.

31. At the same time evidence of extensive destruction to infrastructure and the social fabric was overwhelming. On the basis of assessments undertaken by various United Nations agencies and non-governmental organizations in recent months, the Office for the Coordination of Humanitarian Affairs has estimated that, of Liberia's population of 3.3 million, 1.7 million people are in need of assistance; 80 per cent live below the poverty line surviving on less that $1 per day; 35 per cent are undernourished; 75 per cent do not have access to clean water; and over 75 per cent are illiterate. Furthermore, most of the health infrastructure has been destroyed, the number of health workers decreased by 40 per cent and less than 10 per cent of the arable land is under cultivation.

32. In 2002, the United Nations Population Fund (UNFPA) estimated an available labour force in Liberia of over 1 million. Currently, however, fewer than 100,000 Liberians are registered as employed in the public and private sectors. The informal sector, on the other hand, comprising mainly petty traders (the predominant preoccupation of most Liberians in urban and rural areas) accounts for a further 600,000-800,000. Any attempt to provide average figures for wages in the formal sector could be misleading, given the wide disparities in incomes of nationals employed by United Nations agencies and non-governmental organizations versus government employees and their counterparts in the private sector.

33. With the ban on timber export and diamond trade in force, rubber production currently constitutes the largest sector of the Liberian economy; the six major rubber producers employ more than 15,000 Liberians and provide inputs, latex purchasing

brokerage and extension services to approximately 6,000 small holders, with earnings averaging $2 a day.

34. Official employment currently provided by the timber industry is negligible and limited to employees of FDA or individuals involved in small-scale processing of timber for domestic needs and some illicit logging activities. Concerning diamonds, there are reports alleging illicit alluvial mining, but actual activity is negligible.

35. The United Nations relief agencies and their non-governmental organization partners have in recent months, following the deployment of UNMIL troops in major population centres of the country, established operation bases in those areas, to provide agricultural inputs to subsistence farmers and assist communities in shelter construction, education, health, skills training, microcredit and income-generating activities. Encouraged by this development many internally displaced persons in Monrovia and its environs and Liberian refugees in the West African subregion and elsewhere have already begun the long and arduous journey back home.

36. The United Nations Humanitarian Coordinator for Liberia advised recently that the United Nations will begin the orderly repatriation of about 350,000 Liberian refugees dispersed in the West African subregion in October 2004. The repatriation is scheduled to coincide with the end of the rainy season and allow time to carry out the disarmament of the estimated 50,000 or more former combatants beforehand.

D. Sierra Leone

37. In Sierra Leone, the "emergency relief phase" is considered over and there is now a rapid transition from humanitarian relief to development-oriented programmes.

38. There exist, however, internal and external threats that could undermine security and the fragile peace in Sierra Leone. The greatest internal threat to security in the medium and long terms is the growing discontent among sections of the population who have so far failed to achieve economic progress in their lives, as they continue to grapple with the many problems related to poverty and deprivation, exacerbated by the many years of conflict. Seventy-nine of the 150 chiefdoms are ranked by the Food and Agriculture Organization of the United Nations (FAO) as highly vulnerable. Meanwhile, the fragile peace in neighbouring Liberia will continue to affect the pace of economic recovery and political stability in Sierra Leone.

39. Many Sierra Leonean returnees from Guinea and Liberia include ex-combatants who were recruited or taken by force in paramilitary groups or rebel factions across the region. Failure to satisfactorily address the needs of these desperate young men and women could sow the seeds of further conflict in the future. There are also discontented elements in the army, considered by many to be followers of Major Johnny Paul Koroma, leader of a coup in May 1997, who was allegedly involved in another foiled coup attempt in January 2003 and whose current whereabouts are unknown.

40. In January 2004, Chief Sam Hinga Norman, the leader of the former Civil Defence Force which fought on behalf of the Government against RUF, who has

been taken into custody by the Special Court on charges of crimes against humanity, was implicated in coordinating activities "calculated to cause civil unrest in the country" from his prison cell. It is still possible for destabilizing forces to recruit frustrated, disengaged young people.

41. Currently there are hundreds of thousands of unemployed youth and rural dwellers trying to eke out a living from nearby forests and diamond mines, aiming to prosper in an economy considered by many to be plagued with corruption and which remains heavily reliant on development aid and loans from foreign donors. In addition there are more than 60,000 Liberian refugees living in the vicinity of the south-eastern forest region and an estimated 50,000-70,000 Sierra Leonean refugees in Guinea and Liberia expected to return home by end of June 2004. As more than 70 per cent of the country's rural population is still predominantly occupied with farming activities, the pressure on Sierra Leone's natural resource base has never been greater.

E. Guinea

42. The *jeunes volontaires guinéens*, most of whom come from the Guinée forestière region and were recruited in 2000/01 during Liberia's attempt to invade Guinea because of their knowledge of the area, represent an important force seasoned by several years of conflict. They were trained by the Guinean army and supervised by officers. Since the end of the conflict with Liberia and the effective implementation of the ceasefire, they no longer have a military mission and are awaiting either permanent integration into the Guinean army or a programme for reinsertion into civilian life. Their large numbers (approximately 11,000 men according to the military authorities in the area), their military training and their potential for discontent if they cannot recover an honourable place in Guinean society after their period as combatants could become a destabilizing element if the situation is poorly handled.

F. Côte d'Ivoire

43. The first United Nations peacekeepers arrived in Abidjan on 1 April 2004. A team of 30 military officers and 5 civilian police formed the expeditionary force of the 6,240-strong United Nations Operation in Côte d'Ivoire (UNOCI), the mandate of which began on 3 April. UNOCI replaced French and African troops monitoring the ceasefire and buffer zone between rebels in the north and the Government in the south.

44. In an effort to persuade all parties to rejoin the government of national reconciliation, the Prime Minister of Côte d'Ivoire, Seydou Diarra, held further talks on 15 April with the opposition M7 group, which consists of the main opposition groups and factions signed up to the Marcoussis peace agreement. The opposition groups had left the talks at the end of March. The opposition has accused the President, Laurent Gbagbo, of failing to implement the peace agreement fully and of using violence to quench legitimate opposition and protest.

45. On 28 April, the leader of the rebel Forces nouvelles, Guillaume Soro, called for the establishment of separate police and customs offices in the northern regions under the control of his movement. Although he denied he was seeking secession,

another leading Forces nouvelles commander has raised that prospect, calling for independence in the north with the backing of some northern civil society organizations.

46. Despite strong international pressures on both sides, ethnic tensions, potential divisions among the former rebels, and the operation of pro-Government paramilitary groups and militia will continue to undermine stability.

G. Situation of former combatants in Liberia

47. UNMIL forces have begun their disarmament operations in Liberia. A first attempt in December 2003 was aborted and the disarmament operations were stopped for approximately four months to allow for better preparation. They resumed in April 2004, at Gbarnga, Buchanan, the VOA camp, and Tubmanburg. It is difficult to give a precise date for the end of the disarmament operations; the final disarmament site is Zwedru, at the end of May 2004.

48. Operations at Gbarnga are being carried out satisfactorily. From a technical standpoint, the registry of persons who have disarmed contains not only the names of those who are bringing in weapons but also former combatants who are providing ammunition only. Thus at Gbarnga, on 24 April 2004, after a week of operations, disarmed persons numbered 2,500 and 735 Kalashnikov-type light weapons had been turned in. This implies that the number of weapons handed in is lower than the number actually held by the combatants in the field, since the average is one AK-47-type weapon for every two combatants, according to figures obtained in December 2003 by the disarmament, demobilization, rehabilitation and reintegration unit. In addition, a shortfall has been noted in the number of mortar launchers, whose number is lower than the estimate of the disarmament, demobilization, rehabilitation and reintegration specialists. These first findings would appear to indicate that a portion of the weapons has not yet been handed in. A shortfall in the number of weapons recovered by the disarmament mission might indicate that some of this materiel has been stored or hidden elsewhere, either in Liberian territory or in the bordering territories of Côte d'Ivoire, Guinea and Sierra Leone.

49. There are persistent rumours of weapons caches in both Liberian territory and bordering countries, but the Panel has not been able to find eyewitnesses prepared to confirm this or to find such caches themselves. However, in October 2003, UNMIL informants revealed that two caches were located in the residence of former President Blah and in the Executive Mansion.

50. UNMIL does not control the border between Liberia and Côte d'Ivoire. Although MODEL soldiers in this region appear unarmed, it is clear that their weapons are generally hidden close at hand. In the region, stability will be guaranteed only by full UNMIL deployment. Nevertheless, relations between MODEL and UNMIL remain tense. The Panel has collected evidence that MODEL may still be attempting to smuggle material into regions under its control.

51. The situation on the Guinea-Liberia border, particularly in the Guinée forestière region, remains tense. The porous nature of the border is prone to cross-border movement of men and material. With respect to this, the Panel found evidence that disarmed Liberian combatants were arrested during the week of 18 to

25 April in the Nzérékoré region and were escorted back to Liberia by the Guinean army.

III. Arms

A. General situation

52. The Panel's enquiries confirmed that there have been no arms imports, at least by air, since 7 August 2003 (see section IV). Possible deliveries overland would have concerned only LURD and MODEL. The Panel found no evidence of this. However, the Panel received reports that arms have been smuggled to neighbouring States or cached in the interior of Liberia.

53. Given the lack of evidence of arms shipments to Liberia, the Panel was keen to conclude specific cases of arms trafficking mentioned in earlier reports by obtaining the details of companies, individuals and States involved, and the routes by which arms and materiel were imported into Liberia. The Panel hoped that the National Transitional Government of Liberia would be forthcoming in its assistance to the Panel, but that has not been the case. In particular, the Panel interviewed the Minister of Defence, Daniel Chea, who held the same post under former President Taylor. He maintained that he knew nothing about either the origins of the arms delivered under Taylor or the payments for them.

54. The Panel has therefore had no choice but to continue with its own investigations of arms trafficking, not least because the Panel believes that the networks previously in place to supply factions with weapons could be reactivated rapidly. Obviously, this could have grave implications for peace in Liberia and stability in the subregion. The Panel has pursued three major cases which demonstrate the complexities of international arms smuggling.

B. Arms shipments to Liberia

55. The Panel has established that there were seven flights to Liberia in 2003 that contained, or were suspected of containing, arms and ammunition (see table 1). As at the date of issuance of the present report, no suspected flight has been recorded in 2004.

56. The information is based on eyewitness statements about flights to Robertsfield Airport, as well as records supplied by several air traffic control centres in the subregion. A detailed description of the origin and networks involved in these illegal deliveries of arms and ammunition is contained in annex II.

Table 1
Alleged arms shipments to Robertsfield International Airport, Monrovia, in 2003

Flight	*Date of arrival in Monrovia*	*Origin*	*Date of departure from Monrovia*	*Destination*	*Registration number*	*Aircraft type*	*Cargo*[a]
ACP 801	23 May	Tehran via Benghazi (Libyan Arab Jamahiriya)	24 May	Sharjah	5X-AMU (Uganda)	B-707	Arms and ammunition
ACP 802[b]	15 June	Tehran via Mitiga (Libyan Arab Jamahiriya)	16 June	Kinshasa	9G-LAD (Ghana)	B-707	Arms and ammunition[c]
ACP 804	18 June	Kinshasa	18 June	Lagos	9G-LAD (Ghana)	B-707	Arms and ammunition[c]
ACP 801	7 August	Tehran via Syrte (Libyan Arab Jamahiriya)	7 August	Lagos	9G-LAD (Ghana)	B-707	Arms and ammunition, 22 tons[d]
EP-TJI	19 March	Tehran via Khartoum	21 March	Khartoum	EP-TJI (Iran, Islamic Republic of)	IL-76	Arms and ammunition
EP-TQI	10 April	Tehran via Khartoum	11 April	Khartoum	EP-TJI (Iran, Islamic Republic of)	IL-76	Arms and ammunition
EP-TQJ	2 May	Tehran via Cotonou	3 May	Nairobi	EP-TJI (Iran, Islamic Republic of)	IL-76	Arms and ammunition

[a] Presumed cargo, except for flight ACP 801 on 7 August.
[b] When flight ACP 802 arrived on 15 June, and after the arms were unloaded, the Liberian authorities asked the crew to fly to the Democratic Republic of the Congo for another shipment. The aircraft left Monrovia for Kinshasa at 4.35 p.m. on 16 June and returned at 7.35 a.m. on 18 June. The crew members were taken to the Royal Hotel because the aircraft was to be unloaded after nightfall.
[c] Also based on the statement of the crew.
[d] Arms seized by ECOMIL at Robertsfield International Airport.

C. Tracing weapons

57. As disarmament proceeds, the Panel notes that a disarmament, demobilization, rehabilitation and reintegration unit, the General Monitoring Analysis Cell, specifically tasked with tracing the origin of the firearms surrendered by combatants, is now at work in Monrovia. Tracing the source of weapons on the basis of their serial numbers and technical characteristics is a difficult task, given the great variety of materiel and the absence of written records. Various types of weapons that the Panel had previously reported as being imported into Liberia have been recovered during the disarmament, demobilization, rehabilitation and reintegration process. The Panel collaborated with this unit, whose work complements its own. The unit has access to the materiel and is on the ground where the weapons are being recovered, while the Panel is in a position to travel and make independent verification of the weapons' origins. A scientific analysis of the composition of the bakelite and the steel used in the manufacture of assault rifles could yield some interesting results, such as date of fabrication and chemical analysis to determine the place of origin. The Panel investigated the origin of the weapons seized on 7 August 2003 (annex II), especially the AK-47 assault rifles. Preliminary investigations suggest that the rifles are very similar to model 56-1, manufactured in China.

D. ECOWAS moratorium

58. In its previous reports (S/2000/1195, S/2001/1015, S/2002/470 and S/2003/498), the Panel expressed concern about the implementation of the ECOWAS moratorium on the importation and exportation of light weapons, and made recommendations in that regard. The arms shipment of 7 August 2003 placed the moratorium on the agenda once again. The Panel raised the issue with diplomats in the subregion and also travelled to Bamako, where the Programme for Coordination and Assistance for Security and Development (PCASED) is based. The finding remains unanimous: States in the subregion have difficulty in implementing the code of conduct under the moratorium. This results in uncontrolled arms shipments, not only to Liberia but also to several other countries in the subregion. The Panel is of the view that the legal status of the moratorium should be changed to that of a convention. In this way, States that sign the text of that convention will feel that they are under an obligation to comply with its provisions. The Panel is likewise of the view that the work accomplished by PCASED is remarkable and that its resources should be increased to enable it to continue its worthy task.

59. The Panel makes the following recommendations:

- The ECOWAS States should adopt and sign a convention to replace the moratorium, which is facing major difficulties with regard to its implementation.
- The moratorium and its implementation mechanism, PCASED, should be strengthened through international assistance and technical support. The moratorium should be expanded and transformed into a mechanism for exchange of information on all types of arms purchased by ECOWAS member States.

- An international mechanism should be set up, in cooperation with ECOWAS member States, to harmonize and verify all end-user certificates submitted for arms imports.

IV. Civil aviation

A. Flight monitoring

60. The Panel analysed the movements of all aircraft to and from Liberia since the last known arms shipment on 7 August 2003. It has not identified any flight capable of transporting weapons during this period.

Aircraft placed at the disposal of Charles Taylor

61. The movements of a non-cargo aircraft prior to 7 August 2003 did, however, draw the Panel's attention. The Boeing-727 in question, registration 3D-JMN (Swaziland), was used several times during the Charles Taylor regime for presidential and governmental flights. This aircraft made a considerable number of flights during the first three trimesters of 2003 to several West African capitals, in particular, as well as to others throughout the continent. Other flights were made to Brazil and Lebanon. Moreover, according to eyewitness accounts, this aircraft made a night flight with former President Charles Taylor on board the day before the arrival of an ECOWAS delegation. The flight had no flight plan to indicate the reason for flying or the destination. It returned at daybreak the following day. The only runway in Liberia capable of accommodating this type of aircraft, or which had the necessary equipment for instrument landings and take-offs, was Robertsfield International Airport. The same is true today. It remains a question, therefore, which country was the destination of this unusual flight. The aircraft is also known to have carried Charles Taylor's family members into exile. Its last take-off from Monrovia was on 28 August 2003 and its destination was Accra.

62. The Panel visited Mbabane and was told by Swazi aviation authorities that the aircraft, although registered in that country, was not based there. Instead, it had belonged to the company Interflight Ltd., which sold it to Ali Kleilat in December 2003. Interflight Ltd. also sold a company called Ocean Air Ltd., based in Beirut, to Kleilat. Kleilat owns 66 per cent of the shares, while a Belgian resident in Togo, Jean Pierre Moraux, owns 34 per cent. Additional information has been requested from Lebanon, but no reply has been forthcoming. The certificate of airworthiness for the aircraft presented to the Panel shows that it expired on 31 December 2003. Under these circumstances, the aircraft, which according to the Swazi authorities is in Abuja, should not be flying.

63. The Panel referred the matter to Nigerian civil aviation authorities to conduct further investigations. They stated that the aircraft had belonged to Charles Taylor, and that it is now in the Democratic Republic of the Congo and belongs to the Vice-President of that country.

Astral case

64. Astral Aviation is a small, private Kenyan air transport company based in Nairobi, whose main activity, according to the air operator's certificate issued by the

local aviation authority, is the transport of freight and mail out of Jomo Kenyatta Airport. Its fleet comprises one Antonov-12, one Cessna-208 and one Bell-206 helicopter. Its activities are generally confined to the national and subregional level. Astral uses the call sign ACP, assigned to it by the International Civil Aviation Organization (ICAO).

65. Astral has come to the forefront of aviation news as a result of its call sign being linked to the weapons cargo seized by ECOMIL forces at Robertsfield International Airport in Monrovia on 7 August 2003. A Ghanaian Boeing-707, registration 9G-LAD, flew over several airspaces after leaving Sharjah and landed at Monrovia as flight ACP 801. The Panel further observed that three other ACP flights were made, on 23 May 2003 (a B-707 with Ugandan registration 5X-AMU) and on 15 and 18 June 2003 (9G-LAD), with Monrovia as their final destination.

66. In Dubai, the Panel met the flight captain of two of those flights. According to the pilot, Astral had signed an agreement with Rus Aviation, an agency based in Dubai, with a view to using the ACP call sign for flights, especially those bound for Monrovia. Rus Aviation has denied this. Another company based in Dubai, Gatewick Aviation Services, admitted to the Panel that it had an agreement with Astral to use the ACP call sign on a case-by-case basis.

67. The Panel then went to Nairobi and was told by the national civil aviation authorities, as well as by Astral company directors, that they had realized that the call sign was being used by unauthorized carriers only when invoices relating to overflights and landing charges had begun to arrive at Astral company headquarters. Those invoices — from Eurocontrol, the Agency for the Safety of Air Navigation in Africa and Madagascar, the International Air Transport Association, Sudanese aviation authorities, Abu Dhabi, the Czech Republic and several other countries in Europe, Asia and Africa — all related to the payment of overflight charges for the use of airspace or for other services rendered. The aircraft in question were Boeing-707s and Ilyushin-76s.

68. The Kenya Civil Aviation Authority has reacted to this by stating that the Astral company, which is registered on its books, does not have B-707s or IL-76s and cannot, therefore, be responsible for such flights. However, the Czech Republic Civil Aviation Authority forwarded a copy of the air operator's certificate and a copy of the insurance policy to the Kenya Civil Aviation Authority mentioning IL-76 and B-707 aircraft. These are not part of the Astral fleet. Moreover, the signature on the documents was forged.

69. Astral suspects that Aerospace Consortium FZC, based in Fujairah, and Gatewick Aviation Services, based in Dubai, are behind these fraudulent practices, especially because the Czech authorities notified Astral of the payment by Aerospace Consortium FZC of invoices relating to the Czech Republic.

Gatewick case

70. The Panel met in Dubai the air transportation operators who were involved in the preparation of flights bound for Monrovia with weapons and ammunition aboard.

71. Documentation and witness testimonies indicated that Gatewick Aviation Services played a crucial role in the organization of aircraft flights to Monrovia:

(a) Gatewick organized aircraft for more than one case of arms transportation to Monrovia. This was the case for flight ACP 801, a B-707 aircraft, registration 9G-LAD, on 7 August 2003, and flight ACP 801, a B-707, registration 5X-AMU, on 23 May 2003.

(b) The fraudulent use of call signs belonging to Astral was based on a fake contract between Gatewick and Astral. However, the document presented by Gatewick as the original fax sent by Astral bore an incorrect fax number. The genuine fax number of Astral is 254 2 444 1214 and not 254 2 44 1214 (see annex VI).

(c) Gatewick made several overflights and landing requests for flight ACP 801, registration 9G-LAD, with weapons aboard, which landed in Monrovia on 7 August 2003. One of the requests was made to overfly Malian airspace with a cargo of fresh fruit and another was made to land in Conakry (see annex VII).

(d) Gatewick asked Rus Aviation to ensure the handling of flight ACP 801 at Sharjah Airport before going to Tehran, Mitiga and Monrovia.

(e) Gatewick used the call sign ACP 801 for the flight to Monrovia on 23 May 2003 and the call sign VAR (Air Van), an Armenian Company, on the way back on 24 May 2003.

(f) Finally Gatewick provided a false cargo manifest for flight ACP 801, a B-707, registration 9G-LAD, on 7 May 2003.

72. The Panel believes that, because it used these various methods to disguise the real destination and content of cargoes, it is likely that Gatewick was aware of the nature of the cargo. The Panel acknowledges that the representative of Gatewick, Bilal Msouta, a Syrian citizen, was very cooperative, but the Panel is concerned by the accumulation of evidence of irregularities related to flights.

B. Civil aviation in Liberia

New registry

73. The new registry was opened in 2003; to date, only two aircraft have been registered. Both belong to Duane Ugli, whom the Panel recognizes as owner of the Ducor World Airline Company. This company has been known to transport arms to Liberia (see S/2002/1115). In Liberia the new company is called International Air Services. Furthermore, the Panel has been informed that the French civil aviation authorities decided not to authorize Ugli's aircraft to land on their territory.

Cooperation

74. In assessing the overall situation of civil aviation in Liberia, the Panel noted both the willingness of officials to cooperate and their granting of access to databases. Upon being questioned, the Minister of Aviation reaffirmed his country's total commitment to comply with the regulations issued by ICAO and to open up its facilities to the international aviation community in order to improve cooperation. One example of this new outlook is the support that UNMIL gave by providing the Civil Aviation Authority with operational premises and computers with Internet access. UNMIL also allowed its civil aviation expert to assist the Director of Civil Aviation. According to that expert, capacity-building remains a priority.

75. Another example is the smooth coordination now practised between the approach control centres at Conakry and Robertsfield with regard to flight transfers. The Guinean Air Navigation Agency paid a working visit to its Liberian counterpart with a view to defining a new basis for cooperation. This visit occurred at a time when the Panel was in Monrovia. The Panel stresses the need for cooperation, since both countries are members of the Roberts Flight Information Region and could, by harmonizing their procurement and maintenance policies, achieve cost reductions.

Disregard of procedures

76. The Panel sought to know the reasons why some flights had not been logged in the 2003 flight register. The reply was simple. When aircraft carrying weapons are expected (generally, such flights arrive at night), the air traffic controllers, who are civilians, are replaced by military air traffic controllers. The result is that nothing is logged in upon arrival (see annex VIII) and no flight plan is filed upon departure. No flight instructions are given to the aircraft upon take-off and there is risk of disaster. On occasion the runway lights are deliberately dimmed and the aircraft land in total darkness.

77. With regard to the accident of 25 February 2002, the Panel notes that little investigation has been undertaken because the Director of Civil Aviation had been notified that any such action would be considered contrary to the national interest. The controller whom the Panel interviewed at the time of the accident was disciplined. The current Minister of Transport is making efforts to get the Civil Aviation Authority to initiate further inquiries, but has had to contend with a lack of resources.

C. Guinea

78. Guinea welcomes the implementation by Liberia of international civil aviation regulations, particularly with regard to flight transfers between Monrovia and Conakry. This, in Conakry's view, should reduce the risk of collision. Some telecommunications equipment, however, needs to be overhauled, such as the equipment used for flight transfers, which has been out of order for a very long time. The Conakry and Roberts centres are currently using other methods for such transfers that are not recommended by ICAO.

D. Conclusion

79. The policy applied to civil aviation in Liberia under Taylor suited the uses to which it was put. Since most of the arms shipments arrived by air, the regime had to evade international regulations, separate itself from the Flight Information Region and implement its own law. On several occasions it flirted with disaster precisely because of this method of operation. The Panel is mindful, furthermore, of the accident that occurred on 25 February 2002 right next to the airport, involving an Antonov-12 aircraft that crashed with its cargo of arms. The munitions explosions lasted several hours. There was also a refusal to transfer and coordinate traffic with Guinea. Now that the new authorities are displaying a more positive attitude, they should be helped to regain their standing in the international aviation community.

V. Financial matters

A. Financial insecurity

80. In the past, governance in Liberia was characterized by:

- Decision-making by decree
- Favouritism, bullying and abuse of power
- Fear of retribution
- Lack of budgetary control
- Revenue diversion
- Bribery, embezzlement and corruption
- Diversion of government money to charities and churches
- Poor infrastructure, public health and public education
- Ostentatious expenditure on cars, homes and civic buildings.

Many of these indicators remain.

81. Fiscal costs associated with retaining sanctions include, first and foremost, lost wages and salaries. Economic planning and governmental budgeting are difficult because the date when sanctions might be lifted is not known. Revenue flows to the National Transitional Government of Liberia are curtailed. Valuable time is spent debating sanctions.

82. Sanctions can allow more time for the development of values associated with fiscal control. These values include honesty, trust, dedication, service, transparency, accountability and hope. Salaries are the most important way to reward these values. (Many government salaries are $20 per month, or lower, for full-time work. In addition, many civil servants are paid in kind, with rice or oil, instead of money.) Failure to change the reward system will perpetuate the cycle of conflict and fear.

B. Budget, 1 February to 30 June 2004

83. Despite repeated requests, the Panel never received a copy of the budget of the National Transitional Government of Liberia. The lack of published revenues and expenditure indicates serious problems of fiscal governance and transparency. In the absence of an approved budget the National Transitional Government of Liberia has been operating a system of "allocations" which tends to centralize control. A comprehensive audit is necessary. On 11 May 2004, after a visit by the International Monetary Fund (IMF), the Governor of the Central Bank of Liberia, Elias Saleeby, resigned.

C. Private business and civil society

84. Liberians have identified serious problems:

- United Nations funds which flow to people in the former regime
- Low governmental salaries compared to the (small) private sector
- Lack of control over governmental revenues, expenditure and commitments
- Fees, bribes and corruption
- Falsification of payment vouchers
- Parastatals financed by the businesses they regulate
- State-sanctioned monopolies.

85. Reported unemployment exceeds 85 per cent. There was a widespread belief that the international community could be more directly involved in building capacity. Government procurement procedures remain open to abuse. For example, the General Service Agency uses a system of ordering, raising vouchers and approving payments. Vehicle purchases, in particular, are not centrally controlled, however. Some payment authorizations may bypass the General Service Agency entirely.

D. Forestry Development Authority

86. The Panel requested authorization to review all accounts held at private banks controlled by the Forestry Development Authority. FDA authorized the review of four specific active bank accounts, three of them in United States dollars and one in Liberian dollars.

E. Recommendations

87. The Panel recommends the following:

(a) As provided in the Comprehensive Peace Agreement, the Governance Reform Commission (article XVI) and the Contract and Monopolies Commission (article XVII) should be fully implemented. These Commissions should recommend to the National Transitional Government of Liberia, with international expert assistance and within their mandates, the removal of any member of the National Transitional Government who:

- Fails to comply with the provisions of the Comprehensive Peace Agreement
- Violates paragraph 2b. of the mandate of the Contract and Monopolies Commission, namely, "Ensuring that public officers will not use their positions to benefit from any contract financed from public funds"
- Violates Executive Order No. 2 to deposit funds at the Central Bank.

Financial and managerial experts from the international community should assist and oversee agencies of the National Transitional Government. Those experts should help to develop salary scales and also assist the two Commissions.

(b) Experts from the international community should be placed in each government agency to provide oversight and managerial assistance.

Box 1
Executive Order No. 2

Executive Order No. 2, promulgated in 2003, stipulates that all revenue-generating government entities must deposit their revenues at the Central Bank of Liberia in the general account of the National Transitional Government of Liberia.

VI. Diamonds

A. General

88. With the assistance of UNMIL, the Panel conducted overflights of the principal mining sites in Liberia in mid-February and late in April 2004. Reconnaissance focused on northern Nimba County, and the known mining areas there around Yekepa, Saniquellie, Bahn and Ganta, upper Lofa, particularly in the area bordering Sierra Leone along the Moro River, and further south, the entire course of the Lofa River, particularly Wiesua and Lofa Bridge.

89. In all three zones of reconnaissance, the levels of mining under way were negligible. In Nimba, no functioning mines were seen, although there were numbers of unworked existing pits largely filled with water. These pits appeared to have not been worked for months.

90. In the upper Lofa region along the Moro River border with Sierra Leone, there were a small number of subsistence mining operations typically worked by no more than three or four individuals. Production from these sites is likely to be extremely low, and is probably bought by Maraka and Mandingo traders crossing over the border from Sierra Leone and Guinea. These goods are then mixed into larger parcels of Sierra Leonean diamonds and traded in the open markets in neighbouring countries. Any attempt by neighbouring States to control and prohibit trade in such a small volume of goods would prove to be futile.

91. Similarly, along the course of the Lofa River, a few small mining operations were identified but, again, these constituted workings by no more than five individuals. The Panel also spotted four solution-pump "air lift" operations mounted on pontoons floated on the river itself. These appeared to be small gauge, in other words, with suction intake of less than six inches, and thus production from each site can be expected to be very low. Again, goods from these sites are almost certainly purchased by Maraka and Mandingo buyers and traded in neighbouring countries. Overall, general Liberian production at present, compared to the alluvial industries of Guinea and Sierra Leone, is almost nothing. As the rainy season gathers momentum in coming months, and water tables rise significantly, production will decrease further.

92. Recent levels of internal insecurity have played a major role in severely limiting mining activity. Internecine conflict within LURD, which until recently controlled most of the territory containing diamondiferous deposits, has deterred even Mandingo mining supporters from operating. Reports suggest that, while some may have been able to secure protection from one local LURD commander, many harbour fears that there is nothing to guarantee that another might usurp the position of the former and seize production and equipment. Moreover, while the financing of mining and the purchasing of production has traditionally been conducted by Mandingo and Maraka, who have ethnic affiliation to the LURD support base, actual digging and the day-to-day management of mining sites has typically been conducted by the Gio and Mano people. Their ethnic affiliation to the support base of former President Taylor would place them in grave danger in LURD-held territory.

B. Kimberley Process Certification Scheme and diamond sector reform

93. The National Transitional Government of Liberia has begun taking urgent steps towards the establishment of an effective certificate of origin scheme for trade in Liberian rough diamonds that is transparent and internationally verifiable, with a view to joining the Kimberley Process. The Liberian Ministry of Lands, Mines and Energy was extremely cooperative with the Panel and, in the Panel's view, was able to demonstrate a firm commitment to attaining eventual full compliance with the requirements of the sanctions Committee for the lifting of the current sanctions regime on Liberian diamonds:

(a) Late in December 2003, the Ministry of Lands, Mines and Energy commissioned a team of national and international consultants to produce a preliminary study of how the National Transitional Government of Liberia should proceed towards a termination of sanctions by the United Nations. The study examined industrial history, production records, existing legislation, the terms of the current sanctions regime and the requirements of both the United Nations and the Kimberley Process.

(b) In April 2004, the Ministry of Lands, Mines and Energy facilitated a week-long visit to Monrovia by a senior representative of the Antwerp Diamond High Council. The representative was able to work closely with the Ministry, offering considerable technical advice on procedural detail with regard to diamond sector reform. In particular, this assistance focused on the introduction of a Kimberley Process-compliant certification scheme, the drafting of necessary State legislation for the implementation of such a scheme, the technical infrastructure required by the Ministry of Lands, Mines and Energy to competently monitor such a scheme, and the establishment of additional internal controls and safeguards to prevent fraud and smuggling. The Diamond High Council is of the opinion that, given Liberia's recent history, and the role that Liberian diamonds have played in the fuelling of regional conflict, any Kimberley Process Certification Scheme introduced must contain the full gamut of security mechanisms in order to avoid corruption in the longer term and the subsequent undermining of the Scheme in the West African subregion (see annex IX). This would have a negative impact on the scheme's credibility. This collaboration between the Diamond High Council and the Ministry of Lands, Mines and Energy was closely monitored by the Panel.

(c) During the Panel's visits to Liberia, the Ministry of Lands, Mines and Energy began presenting verbal proposals to potential donors for obtaining funding for diamond sector reform. At present, funding for the implementation of the Kimberley Process Certification Scheme is proving difficult to obtain, largely because potential donors are concerned that, at such an early stage of post-conflict reconstruction, the diamond trade risks being corrupted and there is a possibility that diamond revenue may be used by political entities to undermine the peace process. However, the Panel believes that, given the current, negligible levels of production, the approaching rains, the lack of mining equipment in the country, and the general internal security profile, such risks are currently very low.

(d) The National Transitional Government of Liberia is currently engaged in changing existing legislation for the enactment of the laws required to codify what it hopes will be a state-of-the-art Kimberley Process Certification Scheme. Prior to the process of enactment, it is hoped that a Kimberley Process mission will, at the request of the Liberian authorities, visit Liberia to advise on best practices and assess whether proposals of the National Transitional Government of Liberia for a certification scheme are fully compatible with the Kimberley Process. The visit could also include advice to the sanctions Committee on whether the scheme meets the minimum standards of the Kimberley Process. Furthermore, the National Transitional Government has proposed as an exceptional measure to safeguard the credibility of the Kimberley Process Certification Scheme a voluntary embargo on the trade in rough diamonds from the time when the United Nations embargo is lifted until the time when the application of Liberia for participation in the Kimberley Process Certification Scheme has been fully approved by the Kimberley Process.

(e) The National Transitional Government has informed the Panel that, once draft legislation for the introduction of the Kimberley Process Certification Scheme has been finalized, a detailed description of the proposed regime will be prepared and presented to the sanctions Committee. This is expected to be undertaken shortly.

(f) In addition to the above, the National Transitional Government has begun inviting bids for evaluation and training contracts by international consultancy firms. External evaluation of shipments will be central to any taxation regime that the Liberian authorities decide to impose on the export of rough diamonds. Furthermore, the Liberian authorities will require the training of national staff in the valuation of diamond shipments to assist with the processing of shipments prior to export, and further refurbishment of Ministry of Lands, Mines and Energy premises. It is expected that this training and refurbishment will be undertaken by international consultancy firms.

(g) The Panel has also been informed that in 2000 the Liberian authorities commissioned a South African company to produce templates for Kimberley Process-compliant certificates. However, there are concerns that the security of these templates over recent years cannot be guaranteed, and consequently it is expected that new templates will need to be commissioned.

C. Recommendations

94. The Panel recommends that the international community increase financial assistance to the National Transitional Government of Liberia in order to accelerate

compliance with the requirements of the sanctions Committee and the Kimberley Process.

95. The Panel recommends that the current United Nations sanctions remain in place until such time as Liberia is in a position to make an application for membership in the Kimberley Process which, in the view of that organization after preliminary assessments, is likely to be successful.

96. The Panel recommends that the National Transitional Government and the sanctions Committee formally request the Kimberley Process to assist Liberia in its attempt to join the Kimberley Process so that this objective may be achieved as soon as possible.

VII. Timber

A. Present situation

Exports

97. Sanctions appear to have halted both commercial logging and exports of timber. During extensive overflights of Liberia's lowland forests from January to April 2004, no evidence of logging was detected. Furthermore, the four main seaports showed no signs of log exports.

98. There are persistent allegations, however, including allegations made by the Liberia Timber Association, that companies in the south-east are logging and exporting to Côte d'Ivoire.

99. A few loaded logging trucks were seen in Maryland County by the Save My Future Foundation and other non-governmental organizations from October 2003 to January 2004, in February 2004 by the UNMIL Force Commander, and in March and April 2004 by the Office for the Coordination of Humanitarian Affairs. The Togba Timber Company admits to activity late in 2003 and early in 2004, but claims that it was only transporting abandoned logs to its mills. It denies having exported any timber.

100. Despite this evidence of activity, there are no confirmed reports of any recent timber exports from Liberia. The French forces (Licorne) in Côte d'Ivoire have not reported logs coming from Liberia. Likewise, at the only bridge between Liberia and Côte d'Ivoire, the crossing from Toe Town to Toulépleu, interviewees have not seen any trafficking of timber.

Security

101. At present, security is very low in the forests of Liberia. As mentioned above, UNMIL deployment is incomplete, especially in the timber-rich south-east. On visits to Harper, local government officials complained about MODEL control, such as checkpoints, and the lack of United Nations security. Even in regions where UNMIL is present, peacekeepers generally do not engage in regular policing. An example is the thorough looting, until the end of March 2004, of the brand-new OTC plywood mill in Buchanan by MODEL fighters, despite the presence of UNMIL troops. Furthermore, where deployed, UNMIL has shown little presence

outside of towns. There was no UNMIL presence at the Toe Town bridge across the Cavally River, for example.

102. Given the incomplete UNMIL presence in rural areas, the Director of the Liberian National Police, Clarence Massaquoi, was of the view that sanctions should be maintained until the country has complete civil authority, including police and enforcement officers of the Forestry Development Authority. Until this happens, the National Transitional Government will not have full authority and control over the timber-producing areas of Liberia.

103. Full control is necessary for the proper functioning of the Forestry Development Authority and a legitimate forest industry. In February 2004, the Managing Director of FDA and members of the Ministry of Finance, the Liberian National Police, the Liberia Timber Association, and civil society visited Grand Bassa, Grand Gedeh and Sinoe Counties to symbolically open the regional FDA offices. During the trip, the Liberian National Police reported serious security concerns. In Buchanan, MODEL fighters mistook the Managing Director of FDA for another leader of MODEL, the Minister for Foreign Affairs, Thomas Yaya Nimely, and the ex-fighters rampaged through the town for two hours. In Zwedru, similarly upset MODEL fighters threatened the FDA team, especially upset with members of the Liberia Timber Association associated with Taylor. The regional offices remain unstaffed.

Domestic trade

104. Although the Forestry Development Authority has not authorized any exports, it has authorized the processing of abandoned logs for the domestic market. FDA management has been irregular, however (see box 2): the initial contract was for logs abandoned at Buchanan (see annex X), whereas in a subcontracting agreement (annex XI), FDA gave rights to all abandoned logs throughout Liberia; secondly, proper accounting has not been kept of either volume processed or revenue generated; and, thirdly, in direct violation of Executive Order No. 2, revenue to the Forestry Development Authority has not been deposited into the Central Bank of Liberia.

Box 2
Taxes from domestic processing of abandoned logs

On 22 December 2003, Carlton Resources Inc. of Liberia (Chairman, John Gbedze) signed a contract with the Forestry Development Authority to purchase 15,000 m^3 of logs abandoned at Buchanan at US$ 32 per m^3 (annex X), i.e., worth up to $480,000 in taxes.

Carlton Resources then subcontracted the work to Cendar Timber Company (General Manager, Kassem Attie), also of Monrovia. In the new agreement, FDA gave Carlton Resources/Cendar the right to process all abandoned logs anywhere in Liberia (annex XI).

Carlton Resources/Cendar worked with two portable sawmills to process the logs on site in Buchanan. The Managing Director of FDA reported that 600 m^3 had been processed, worth $19,200 in taxes. As at 10 May 2004, FDA reported deposits of $1,500 in escrow at Ecobank in Monrovia. The Managing Director claims that the escrow account was used because the Central Bank of Liberia did not have an account dedicated to forestry revenue.

Carlton Resources/Cendar claimed that processing was less efficient and thus less profitable than expected, and so FDA has apparently agreed to reduce the tax from $32 per m^3 to $11 per m^3, beginning in May 2004. The contract has now been suspended.

Financial aspects

105. Government revenue from timber should not be used to fuel conflict but for legitimate purposes for the benefit of the Liberian people. However, the Forestry Development Authority has not properly managed forestry revenues. The lack of accountability with respect to the Carlton Resources Buchanan contract (box 2) is a prime example. It is not possible for the Panel, much less civil society, to track revenue flows from the timber industry. However, FDA has now established specific bank accounts at the Central Bank of Liberia for conservation taxes, with required signing authority to be given to a representative of the conservation community, Conservation International; and reforestation taxes, with signing authority given to the President of the Liberia Timber Association. The Forestry Development Authority has not however provided an accounting for current revenues and expenditure, and its 2004 budget is unrealistic (e.g., anticipated revenues exceed those from 2002, when the industry was fully functioning) and has not been accepted by the FDA Board of Directors. There is inadequate oversight by the Board and by the Budget Bureau, the Ministry of Finance and the Central Bank of Liberia. Further, FDA is unable to properly assess taxes and other revenues from logging operations until evaluators, such as log-scalers, receive training.

Operations

106. At present, the Forestry Development Authority does not function outside Monrovia. During the conflict in 2003, looters destroyed the regional offices in

Buchanan, Greenville, Harper, Tubmanburg and Zwedru. All the FDA staff are in Monrovia, although they have not been paid since February 2004. The regional offices lack equipment, and the staff require retraining and adequate salaries (the current average is $50 a month). Further, a lack of security outside Monrovia has prevented deployment of FDA staff.

107. In December 2003, the National Transitional Government of Liberia produced a road map of the reform necessary so that sanctions may be lifted. The United States Embassy also hosted a round table to provide stakeholder input on the road map. Almost all of the requirements remain unmet (see table 2).

Table 2
Reform programmes for lifting sanctions in the forestry sector

Reform programmes	*Description*	*Completed as at 10 May 2004*
Building the capacity of the Forestry Development Authority	– Appoint FDA Board of Directors	Yes
	– Structure management, adequately compensate staff and provide logistics	Staff not paid since February 2004
	– Train field technicians and middle-level staff at a later date	No
	– Prepare the terms of reference and commission an independent oversight committee with a mandate to raise community awareness, supervise and review non-governmental organizations and encourage sustainable forest management	No
	– Request technical assistance for forest and financial management	Yes
Improving the transparency and accountability of the sector	– Commission an audit of FDA	No
	– Establish a system for depositing all forestry revenues in accounts directed by the Ministry of Finance at the Central Bank of Liberia	No (accounts set up for reforestation and conservation)
	– Establish a system for funding FDA accounts with the Central Bank of Liberia based on budget allocation of quarterly transfer of funds from government accounts based on standing instruction	No
	– Design a system for separate receiving and disbursing of reforestation and conservation fees	Yes
	– Establish a system of reporting and making information accessible to the public	No
	– Set up an independent oversight committee	No
Concession review	– Recall and review all existing concession agreements	Phase 1
	– Impose penalties on companies violating sanctions	No
	– Prepare addendum to concession agreements reflecting conservation policies and environmental policies	No

Reform programmes	*Description*	*Completed as at 10 May 2004*
Conducting a forest inventory	– Ground-truthing field surveys and maps from GIS	No
	– Determine the potential value of forest resources (timber and non-timber forest products)	No
	– Provide information for monitoring, taxation and enforcement	No
Park protection and development	– Reconstruction of Sapo Park infrastructure	No
	– Provide equipment and materials for park management	No
	– Train and deploy park personnel	No
Mobilization of technical and financial assistance	– Participate in donors meeting and other promotional activities	Yes
	– Discuss bilateral arrangements	Yes

Source: National Transitional Government of Liberia, Committee to Review Sanctions on Log and Timber Trade, "A road map to lifting United Nations Security Council sanction on log and timber trade in Liberia: basic reforms in the forest industry".

Concession review

108. As a precursor to resuming activity, an FDA committee, which has recently been expanded to include civil society, is examining concessions awarded during the Taylor regime. The committee concluded that the industry owes $26,725,642 in unpaid taxes. Likewise, the review found that Taylor awarded 14,273,581 acres of concessions (95 per cent of the area available for concessions) and 2,408,933 acres in management and other agreements, apparently without compensation to previous concessionaires.[1]

109. As at 10 May 2004, only the Mohammed Group of Companies has repaid any back taxes ($7,000). Many companies deny that they owe any taxes. For example, the Forestry Development Authority claims that the Oriental Timber Corporation owes approximately $17 million, whereas OTC claims that it, in fact, overpaid by $12.6 million. Trying to calculate the actual amount that Oriental Timber has paid in taxes has been difficult, as it frequently paid far in excess of the taxes due. Oriental Timber has provided flag receipts for $28.5 million in stumpage and land rental fees and $4.5 million in other fees. In addition, it claims $8 million in reforestation credits (for a 1,000-acre balsawood plantation), $4 million in road-building credits, and $1.6 million for supplies to the Government. For example, in May 2003, OTC claimed credit for $2,576,434 for vehicles purchased on behalf of the Government of Liberia. However, at least $7.5 million of the flag receipts were for payments authorized by the former Deputy Finance Minister, Juanita Neal, to non-government accounts (annex XII).

110. Despite the initial focus on unpaid taxes and the concession allocation process, the review is also uncovering evidence of widespread bribery and human rights

[1] The Panel has a copy of the Phase 1 report of the Concession Review Committee. A detailed list of all companies is not presented here because the Panel was unable to contact individual companies for their reply.

violations, much with the direct complicity of the Forestry Development Authority (see below).

B. Future

Logging

111. It is likely that companies will continue to comply with the sanctions because the rainy season that runs from May to October should restrict logging.

Security

112. UNMIL predicts that deployment should be completed in Maryland County by late May. It is less clear when civil administration will become established.

Financial aspects

113. The European Union will conduct a full audit of the Forestry Development Authority to assess financial and management systems from 2001 to present. The audit will begin in June 2004, with results due 80 days later. However, FDA is unprepared for such an audit and this may delay preparation of the final report.

Operations

114. The Forestry Development Authority is planning to rebuild its operations. In April, the United States committed $1 million to assist the reform necessary so that sanctions may be lifted. The World Bank has committed $500,000 and is conducting an assessment of the forest sector. The Association technique internationale des bois tropicaux has offered to work with the International Tropical Timber Organization to develop a training programme for FDA.

C. Past

Security

115. During the Taylor regime, militias represented one of the largest sources of violent conflict in rural Liberia. In many cases, ex-generals ran timber companies (see para. 124 below), in other cases, the militias were paid by local timber companies. For example, forestry companies funded security forces in the three major ports outside Monrovia: the Oriental Timber Corporation paid Roland Duo for security in Buchanan, the Inland Logging Company operated security in Greenville, and Maryland Wood Processing Industries financed security in Harper (see box 3). This arrangement (a) provided security to the timber companies, which ensured a supply of revenue to Taylor; (b) gave employment to a number of combatants who had fought with Taylor's forces; (c) ensured a loyal security force at the major ports, which if necessary could be used to control the regular Liberian army; and (d) bolstered Taylor's ability to defend his territory against, for example, incursions by MODEL into the south-east. In addition to money, the forestry companies often fed the forces rice. The forces, however, participated in activities outside simple protection. Security forces are accused of human rights violations, including intimidating local people and owners of other logging companies to gain access to forests and to ensure that the logging company had preferred access to the ports.

The forces are also accused of looting and recruiting fighters, including in Côte d'Ivoire.

Box 3

General Sumo and Maryland Wood Processing Industries

Since 1999, the Managing Directory of the Forestry Development Authority, Bob Taylor, brother of former President Taylor, required Maryland Wood Processing Industries to pay the local army commander, General Sumo, $4,000 per month for local security (see annex XIII). In the end, the militia presence did not protect the Liberian territory from rebel incursion, however. On the eve of the fall of Harper to MODEL (17 May 2003), Sumo hijacked the MV *Benti* and deserted Harper, escaping with his militia to Monrovia.

Eyewitness accounts confirm that Sumo, before abandoning Harper, provided security to MWPI in exchange for money and rice for his soldiers. Sumo and his colleagues, Captain Suah and Zeco Dadiah, the company manager, are accused of gross human rights violations, including looting and abuse of locals and other logging operators. Sumo's militia are accused of entering Côte d'Ivoire to loot and recruit new fighters. He is also accused of providing arms and soldiers to the faction of the late Felix Doh, which was fighting to destabilize Côte d'Ivoire.

Among the most serious accusations is that General Sumo was responsible for attacks on civilians in Freetown and Salor because the locals had denied access to his militia. In particular, eyewitnesses claim that Sumo directed the killing of civilians at Youghbor, near Fish Town. UNMIL has uncovered more than 300 bodies at the site of that massacre.

Financial aspects

116. In addition to support for local security and government officials, Taylor demanded money from the logging companies. For example, one record contained in the FDA files indicates that Bob Taylor demanded that MWPI pay $100,000 into FDA accounts at Ecobank/Tradevco. And as mentioned above, the Deputy Minister of Finance, Juanita Neal, authorized OTC to make at least $7.5 million in payments in lieu of taxes (annex XII). Payments were made to alleged arms dealers: $500,000 to Sanjivan Ruprah,[2] apparently for a helicopter, and $1 million to Fred Rindel,[3] apparently for a patrol boat. Payments were also made to a Shanghai sporting goods company and two United States bank accounts totalling $750,000 for uniforms; $250,000 was paid to Hotel Africa, owned by Gus Kouvenhoven, President of OTC; and $5 million was paid to three numbered United States banks to cover unreported

[2] A "global civil aviation agent" for the Taylor regime; see the report of the Sierra Leone Panel of Experts (S/2000/1195, paras. 26 and 225).

[3] A former South African Defence Attaché hired by Taylor as a "security consultant"; see S/2000/1195, paras. 186-191; and the report of the Monitoring Mechanism on Sanctions against UNITA (S/2000/1225, paras. 162-165).

expenses. Indeed, according to the present Ministry of Finance, the only record of payments by OTC to legitimate Government of Liberia accounts is for payroll taxes.

Operations

117. In addition to taxes, the Forestry Development Authority, under Taylor, allowed the looting of the forests themselves. As reported previously by the Panel (S/2003/779, table 3 and box 1), there is strong evidence that loggers harvested well in excess of the legally allowed 4 per cent of the concession a year.

D. Recommendations

118. Without sufficient security, timber companies will need to provide their own protection forces, and conflict could resume. Without financial oversight, inappropriate accounting practices will facilitate corruption. And without enforcement, timber companies may violate regulations with impunity. In order to avoid the mistakes of the past, reform is necessary.

119. Although there is widespread compliance with the timber sanctions, few of the necessary reforms have been implemented. Therefore, the recommendations in previous reports of the Panel (S/2003/779 and S/2003/937) remain valid. In summary, the following is recommended:

(a) Full deployment of UNIMIL.

(b) UNMIL cooperation in monitoring sanctions, especially at border crossings and ports.

(c) United Nations assistance in establishing civil authority throughout Liberia; for example, civilian police training for FDA enforcement officers.

(d) Reform of the Forestry Development Authority to provide good governance of the forest sector:

(i) Chain-of-custody tracking to separate legal from illegal wood (see S/2003/779, box 3).

(ii) Civilian oversight, which requires access to information:

- Given FDA complicity in past illegal activity, the concession review process must be conducted by a credible third party, consisting of UNMIL, the Independent National Commission for Human Rights, the Commission on Good Governance, the Liberia National Bar Association and communal stakeholders, which should be headed by an independent prosecutor or judge.
- FDA must make information publicly available (see S/2003/779, box 2).
- The National Transitional Government of Liberia should establish rural security desks staffed by non-governmental organization and community monitors to improve civilian oversight and to report alleged violations by police, forestry officials, and private militias.[4]

[4] See, for example, http://www.hrw.org/reports/2003/indon0103/Indon0103-01.htm#P130_15495.

(iii) Transparency and accountability must be improved.

- FDA must meet internationally recognized standards for accounting.
- FDA must cooperate with the European Union audit.
- IMF/World Bank cooperation must be conditional on full transparency and accountability of FDA.
- FDA must prohibit conflicts of interest.

(iv) Enforcement must provide accountability.

- The National Transitional Government should investigate and prosecute government officials, private individuals and companies that violate Liberian law.
- The National Transitional Government should increase the recruitment and training of community-based police to decrease dependence on private security forces.[5]

(v) Forestry must be equitable; laws must be changed to ensure that rural communities will benefit from revenue-sharing.

(vi) Rule of law.

- FDA does not have the trained personnel to ensure that loggers, and FDA itself, comply with the law. Therefore, a management company should be assigned to operate FDA until internal capacity is sufficient.

120. The Security Council should maintain sanctions until the forest is both secure and well managed. At present, UNMIL is not fully deployed and FDA is unable to function outside Monrovia. A lack of transparency and accountability prevents oversight of forest revenue. Allowing logging to resume before adequate controls are established will jeopardize the investment of the international community and a peaceful future for Liberia.

VIII. Humanitarian impact of timber sanctions

121. Previous reports of the Panel of Experts (S/2003/779) and the Secretary-General (S/2003/793) in pursuance of paragraph 17 of resolution 1478 (2003) provided comprehensive analyses of the Liberian timber trade and of the economic, social and humanitarian conditions in Liberia immediately prior to and after the imposition of timber sanctions on the country in July 2003. Coinciding with the heightened insecurity resulting from hostilities between warring factions in Liberia, the reports were unanimous in highlighting the fact that the primary reason for halting logging, among many other economic activities at the time, was the armed conflict that had forced hundreds of thousands to become refugees and internally displaced, including the logging industry employees and their employers, most of whom fled the country.

122. In subsequent interviews conducted by the Panel to determine what some Liberians thought were the positive and adverse results of the timber ban, the following have been the most frequent responses:

[5] See, for example, http://www.crisisweb.org/library/documents/asia/067_security_in_indonesia.pdf.

Positive results

Warring factions deprived of the opportunity to use the logging industry as a means to prolong the conflict

Charles Taylor's power base eroded and his exit from power hastened

Possibilities created for good governance and sustainable natural resource management in Liberia

Enabling environment established for reforming the logging industry, allowing broader participation of indigenous Liberians

Opportunity for forest ecology to recover from over-exploitation.

Adverse results

Loss of future regular income for 8,000 to 10,000 employees and their families averaging $75 per month and a bag of rice

Loss of future road maintenance opportunities for a number of key road networks in northern and south-eastern Liberia

Loss of future social services provided by logging industries, such as schools and clinics

Loss of future tax revenues to the Treasury

Loss of future rural markets and demand for tertiary and other services provided to the logging industry by local Liberian businesses.

Background

123. In reflecting on the most obvious negative effects of the timber ban, the background to the timber industry under Taylor, briefly outlined below, should be noted.

124. Some of the largest timber concessions were owned or run by former generals or elite within the National Patriotic Front of Liberia. For example, the Mohammed Group of Companies was run by General Kuku Dennis. The Inland Logging Company, and the Rivercess Logging Company which it bought out, were run by the Cooper brothers. The leadership of Maryland Wood Processing Industries was implicated in smuggling arms and ammunitions. Former generals commanded a great deal of respect from their soldiers, and they kept many of them employed. Thus a significant proportion of the workforce for certain logging companies were ex-combatants, who were mobilized once again, as happened in March 2003 by Oscar Cooper and the Inland Logging Company to block the advance of MODEL when its forces first came south along the Greenville-Zwedru highway. The Oriental Timber Corporation was reported, in various published accounts and interviews with local residents and senior officials, to have recruited many ex-combatants into its security forces and did hire a fair number of local villagers as it moved through areas, but terminated their employment when that area was logged out. Thus it was not long-term employment.

125. In 2002-2003, socio-economic surveys were carried out by Fauna & Flora International around Sapo Park, the Grebo National Forest, Nimba National Forest, an upper portion of the Krahn-Bassa National Forest, and the Cestos and

Schnkwehn Rivers area forests, including part of the southern Krahn-Bassa National Forest, to determine the impact of logging in those areas and the effect of setting aside the areas for conservation. The results of the surveys showed that, while the effects were by no means uniform, local employment from logging was not significant for most sites. It was found, through interviews with local residents, that logging companies had their employees who came with them. The bigger benefits brought by logging companies to the communities tended to be markets for their produce, roads and bridges, and transportation to cities.

126. Many providers of relief and development aid to Liberia during the past decade have observed that timber revenues were not used for humanitarian purposes. Rather they were used mostly for personal ends by the Liberian elite and their expatriate counterparts, and in small measure to support government agencies with less than a bare minimum of operating resources. With the notable exception of road networks, and helping ports to operate more cheaply on a per-unit-imported basis, timber companies did not provide significant social services to Liberia.

127. Logging did provide a good deal of employment, and was responsible for over 60 per cent of Liberia's foreign exchange outside of remittances and humanitarian and development assistance. However less than 3 per cent of the Liberian population depended on logging directly, from forest to port.

128. The exact number of the former logging industry employees and their dependants has not been determined thus far. However an analysis of the trend of movements of Liberia's displaced rural populations during the past 18 months points to the fact that the overwhelming majority of former logging industry workers were either recruited by the warring factions or displaced internally, while others sought refuge in neighbouring countries.

129. The significance of this trend is that while employment opportunities previously provided by the logging industry no longer exist, the magnitude of the negative socio-economic and humanitarian effects related to the timber ban cannot be accurately ascertained. At the same time the Panel has been able to determine by extensive interviewing of refugee and internally displaced populations (in its previous and current mandates) that many recipients of humanitarian relief assistance were either former logging company employees or dependants of such employees.

A. Public opinion polls on sanctions

130. Against the backdrop of the timber industry's recent history and in view of the improved security situation and increased access to many parts of rural Liberia, the Panel during its current mandate conducted opinion polls, through phone-in radio programmes and the distribution of questionnaires, to determine the perceptions of a cross section of the Liberian population about the timber sanctions. This approach was approved and endorsed by officials of the National Transitional Government, UNMIL, other State actors and civil society groups as a useful tool in instigating public debates among the Liberian public about the sanctions regime.

Radio programmes for Monrovia and suburbs and questionnaires for the National Transitional Government of Liberia

131. While visiting Liberia in April 2004, the Panel organized seven radio programmes of one-hour duration with two stations, UNMIL Radio (6) and Radio Veritas (1). The Managing Director of FDA, Eugene Wilson, the Minister of Mines, Jonathan Mason, and the Minister of Information, William Allen, joined the Panel on the show, to present the Government's position on the sanctions and to take questions from the public. The Panel, through the office of the Special Representative of the Secretary-General for Liberia, Jacques Klein, also circulated questionnaires to all governmental agencies, with specific requests for them to be completed by ministers, their deputies and other senior officials.

132. In statements on the radio and responses to the questionnaires, the overwhelming view of officials of the National Transitional Government and some private sector representatives supported the general position of the Government: that the conditions imposed by the Security Council have been all but met and that sanctions on timber should be lifted as soon as possible to help kick-start the rural economy by generating the much-needed employment and tax revenues. Many added, however, that the Council should insist on having independent monitors in sensitive areas to ensure full compliance with the principles of transparency and accountability.

133. On the other hand the majority of callers, on and off the shows, and non-Government respondents to the same questionnaires circulated among government officials and civil servants expressed views that could be summarized as follows: the limited time frame of the National Transitional Government's tenure and the fact that a number of its officials were believed to be representing personal or factional interests made it extremely difficult for them to have confidence in the Government's ability to be transparent and accountable to the majority of Liberians. Sanctions on diamonds and timber should therefore not be lifted until the process of disarmament, demobilization, rehabilitation and reintegration is fully completed and a democratically elected government is in place.

Questionnaires for the public in Monrovia and rural Liberia

134. The Panel through an independent contractor administered a set of semi-structured questionnaires for nearly 2,000 ordinary Liberians in Monrovia, Buchanan, Greenville, Zwedru/Toe Town, Harper/Plibo, Gbarnga, Ganta and the VOA camp for internally displaced persons (see annex XIV).

135. The polling of samples of representative groups of Liberians (former employees of logging companies, local community leaders, youth groups, business people, teachers, farmers, artisan traders and householders, former combatants, security services personnel) focused primarily on the socio-economic and humanitarian effects of the diamond and timber sanctions. In addition to soliciting views on the sanctions, the poll also sought to establish a personal profile of each respondent, his/her perception of the authority of the National Transitional Government and its control over the area in which they live as well as an indication of the socio-economic conditions prevailing in their areas.

Summary and comparative analysis of the results

136. A total of 1,943 persons were interviewed in seven major population centres; 30 per cent of the respondents were female and 70 per cent male. Asked whether they recognized the authority of the National Transitional Government, 94 per cent of the respondents said that they did. However, only 69 per cent of the respondents thought that the National Transitional Government had control over the areas in which they lived (see annex XV).

137. On the sanctions, of the 1,943 respondents, 95 per cent had knowledge of the sanctions while 5 per cent did not. A general casting of the results showed that, overall, 58 per cent were in favour of lifting the sanctions while 42 per cent were against lifting sanctions. On the other hand, when the seven areas were analysed independently, a cumulative 58 per cent of respondents in four of the areas were in favour of retaining sanctions as compared to 42 per cent of respondents in those four areas who wanted the sanctions lifted.

138. Most of those in favour of lifting the sanctions linked the imposition of the sanctions either to the former Government of Liberia, directly to former President Charles Taylor, or to the present level of economic hardship in the country. This group wondered why the sanctions were still being maintained despite Taylor's departure. Meanwhile most of those opposed to the immediate lifting of sanctions conditioned their removal on total disarmament and general elections.

139. The major commercial activity in all of the areas was petty trading. Gold mining was also identified as another commercial activity by respondents in Zwedru, Greenville and Plibo. None of the respondents mentioned logging or diamond-mining activities within the immediate vicinity of the polling areas.

Conclusions on polling results

140. Three primary factors influenced the outcome of the poll. The level of security prevailing in the area, the direct impact of logging operations on the respondents, and the locality where the poll was conducted. One or other of those factors influenced people's responses about whether sanctions should be lifted.[6]

141. For example, most people in Maryland (Harper) were either victims of human rights abuses committed by Maryland Wood Processing Industries or witnessed first-hand the volume of logs that had been exported from the port of Harper, without any direct benefit returning to their area. In addition, the area is still under the control of MODEL. Most respondents were much more keen to know the possible deployment date of UNMIL than they were to discuss the lifting of the sanctions. In Gbarnga, none of the scenarios applied; no logging was going on in the vicinity and relative security has been restored in the area. Most of the respondents believed that the sanctions were imposed on former President Taylor and that, because he is gone, the Security Council should lift the sanctions.

142. Results from the three major timber-exporting port cities indicate that the majority of respondents were against the lifting of the sanctions. Of the combined

[6] It should be noted that the ban on timber exports is more widely known than the ban on diamonds, especially in the south-east, where logging operations are concentrated. Responses in those areas relate more to "the sanctions on logs" than "the sanctions on logs and diamond exports".

total of 730 persons interviewed in Buchanan, Greenville and Harper, 40 per cent were in favour of lifting sanctions while 60 per cent were against; in the inland areas, including the cities of Gbarnga, Ganta and Zwedru, 806 persons were interviewed; 81 per cent of the respondents were in favour of lifting the sanctions while 19 per cent were opposed.

143. In interpreting the overall results, one should take into account the fact that in Monrovia there have been more focused and public debates about whether sanctions should be lifted now or later than any other place in Liberia. Most of the discussions have dealt extensively with the advantages and disadvantages of each side of the argument. There have been concerted efforts to educate the public about the sanctions, by various actors, as opposed to all the other areas where polling was conducted, for example on live radio talk shows and phone-in programmes on different radio stations. In addition, it is only in Monrovia that people have publicly discussed the direct link between the industry and the conflict, the mismanagement of sector revenue and the lack of good governance in the sector.

144. In this light, the result of the poll in Monrovia is interpreted as the "opinions of a more informed segment of Liberian society" and should therefore be seriously considered in discussions about how Liberians view the sanctions and whether the sanctions should be lifted at this time.

B. Observations and recommendations

Observations

145. The international community, in close partnership with the National Transitional Government of Liberia, has developed a comprehensive strategy — a results-focused transitional framework — which, if scrupulously followed, will create an enabling environment for the recovery and reconstruction of Liberia on the foundation of democratic principles and the rule of law.

146. Already significant investments are being made to lay the foundations for good governance and sustained peace in Liberia, as evidenced by the ongoing process of disarmament, demobilization, rehabilitation and reintegration and the multitude of planned and ongoing humanitarian relief and development activities in many parts of the country.

147. There are grave concerns among many Liberians and other stakeholders involved with Liberia's recovery efforts and about the current capacity of the National Transitional Government of Liberia to deliver all the promises outlined in its transition strategy. Of particular concern is the absorptive capacity within government and parastatal institutions of humanitarian aid flows, given the reputation and recent history of past administrations, many of whose principal players are now members of the new administration.

148. The very high levels of poverty, illiteracy and social and economic deprivation that have characterized the lives of most Liberians during nearly two decades of conflict and mismanagement could now deprive them of access to the many economic opportunities that the United Nations peacekeeping mission brings with it.

149. For example there is currently a high demand for decent housing for United Nations peacekeepers and other expatriates working in Liberia, making housing

rental very expensive and a lucrative sector. Extensive damage to infrastructure caused by the conflict and years of neglect means, however, that substantial capital investments are now required to restore and rehabilitate many homes. As most Liberians are unable to raise the necessary capital required to pre-finance these costs or indeed any other contracts whose implementation requires pre-financing, the chances of their benefiting significantly from current opportunities in the private sector are extremely limited. Concerns are being raised in many quarters about foreign business people taking all the business that should rightfully go to Liberians. Such occurrences in the past have been cited as one of the main reasons for the conflict in the first place. This example demonstrates how the peace process could easily be undermined if some sectors of civil society, particularly unemployed (educated and semi-educated) youths who did not participate in the conflict, continue to believe that their needs have not been prioritized along with those of their ex-combatant counterparts.

150. Many providers of relief and humanitarian assistance to Liberia recognize that providing the urgently needed support to the reintegration of displaced persons and demobilized combatants, together with the delivery of significant social and economic revival of war-torn communities, is critical to the consolidation of the peace process. In view of this many have developed elaborate intervention programmes requiring urgent implementation in line with the time frames outlined in the results-focused transitional framework. There are concerns however that the actual funding available now to implement these programmes is not consistent with pledges made by the international community at the donor conference in February 2004. Delays in the release of funds will almost certainly jeopardize the peace-building process.

151. In the absence of the timber industry, the agricultural sector has the highest potential to revive the rural economy, given the urgent need for food security and employment creation in the rural areas. Many former logging company employees are also likely to become involved in the agricultural sector, as small-scale rubber harvesters or subsistence farmers.

Recommendations

152. In the light of the above observations, the following recommendations are made:

(a) The National Transitional Government of Liberia should be encouraged to urgently take further bold steps to demonstrate its commitment to transparency and accountability by promptly publicizing and prosecuting cases of corrupt practices and misgovernment by National Transitional Government officials and other public servants as they are discovered. This will help to win the confidence of the Liberian people and sustain the support and commitment of the donor community.

(b) The international community must make good on its promises to Liberia by providing the pledged finances in a timely and transparent manner, to ensure that the implementation of cluster activities in the results-focused transitional framework particularly related to disarmament, demobilization, rehabilitation and reintegration and the resettlement of internally displaced persons and refugees is adequately funded taking seasonal constraints into full account.

(c) The international community, in particular the United Nations peacekeeping mission, should do everything possible to publicly and tangibly demonstrate that the needs and concerns of the wider Liberian civil society, especially non-combatant youths, are factored into the planning of its allocation of resources.

(d) The implementing agencies of Liberia's recovery and reconstruction programmes, particularly non-governmental organizations and United Nations agencies, must be encouraged and assisted, to the extent possible, to mainstream the cross-cutting issue of the environment in their programmes, in the light of the emphasis of current interventions on agriculture, food security and shelter construction for returnees, and given the potential environmental impact of those activities, in addition to existing environmental problems related to the resettling of over 1 million Liberians.

(e) In accordance with paragraph 25 of resolution 1521 (2003), UNMIL should continue to play a proactive role in sensitizing the Liberian population, particularly in the rural areas, about the sanctions regime. Furthermore, UNMIL should maintain its support of the National Transitional Government of Liberia and other civil society groups to promote actively public debates and dialogue among the Liberian people in all the counties, to foster better understanding of the reform process instigated by sanctions, and their rights and responsibilities to participate fully in the process.

IX. Travel ban

153. The Panel has learned that several former high officials under Charles Taylor have taken refuge in countries in the subregion, as shown in table 3.

Table 3
Alleged violations of the travel ban

Name	*Date*	*Destination*
2003		
Bright, Charles	24 October	Lagos
Chea, Daniel	15 December	Accra
Cissé, Moussa	17 November	Abidjan
Kouwenhoven, Gus	24 November	Accra
Rosenblum, Simon	13 April	Abidjan
Salami, M.	10 November	Abidjan
Shaw, Emmanuel	31 December	Accra

Name	*Date*	*Destination*
2004		
Allen, Cyril	26 February	Accra; also reported by UNMIL to have travelled to visit Taylor in Nigeria
Chea, Daniel	21 February	Abidjan, Accra
Cooper, Gerald	14 January, 13 April	Washington, Accra
Dennis, Wesseh	13 April	Accra
Kouwenhoven, Gus	20 April	Reportedly in Paris, according to M. Keshan, Resident Manager of OTC
Neal, Juanita	4 February	Washington

154. The Panel learned that Baba Jobe had been sent to prison for nine years on 29 March 2003, in his own country of the Gambia, for economic crimes.

155. Leonid Minin is still in Italy; the Panel was informed by the German authorities that passports Nos. 5280007248D and 18106739D held by Mr. Minin when he was in Germany were both forgeries.

156. Charles Bright, Gabriel Doe, Jenkins Dunbar, Juanita Neal, Benoni Urey and Joseph Wong contacted the Panel to ask why their names were still on the travel ban list published on 16 March 2004. They claim that it is no longer justified, because they have no ties whatsoever at this time with Charles Taylor and have had no contact with him, not even a telephone call, since their former mentor went into exile in Nigeria.

Annex I

Meetings and consultations

Belgium

Private sector

Diamond High Council

Côte d'Ivoire

Diplomatic, bilateral and multilateral agencies

UNDP

France

Government

Ministry of Foreign Affairs

Diplomatic, bilateral and multilateral agencies

Interpol

Guinea

Government

Ministry of Foreign Affairs

Prefect and Chairman of local collectivities in Macenta

Military Commander of Nzérékoré

Boundary post of Badiaro

Guéckédou

Daro

National Direction of Civil Aviation

Agence nationale de navigation aérienne

Diplomatic, bilateral and multilateral agencies

French Embassy

UNDP

Flight Information Region

Union des femmes de l'Union du fleuve Mano

Iran, Islamic Republic of

Government

Ministry of Foreign Affairs

Ministry of Defence

Direction General of Civil Aviation

Private sector

TOOS

SAHA

Qeshm Air

Italy

Diplomatic, bilateral and multilateral agencies

FAO

WFP

Kenya

Government

Kenya Civil Aviation Authority

Private sector

Astral Aviation

Liberia

Government

President Gyude Bryant

National Transitional Legislative Assembly

Task Force

Forestry Development Authority

Ministry of Lands, Mines and Energy

Ministry of Transport

Ministry of Defence

Ministry of Planning

Ministry of Finances

Local leaders:

Harper, Maryland County
Buchanan, Grand Bassa County
Greenville, Sinoe County
Gbanrga, Bong County
Ganta, Nimba County
Zwedru, Grand Gedeh County

VOA centre for internally displaced persons, Montserrado

Diplomatic, bilateral and multilateral agencies

United States Embassy

United Kingdom Embassy

ECOWAS

UNMIL

Office of the Special Representative of the Secretary-General

UNHCR

UNICEF

Médecins sans Frontières

Conservation International

Fauna & Flora International

Save My Future Foundation

Green Advocates

Sustainable Development Institute

Private sector

Mobil Oil

Mano River Resources

Liberian Timber Association

Lonestar

Others

LURD

MODEL

Interfaith

Roberts International Airport

Mali

Government

Ministry of Foreign Affairs

Ministry of Defence

Ministry of Security

Diplomatic, bilateral and multilateral agencies

UNDP

Programme for Coordination and Assistance for Security and Development

Senegal

Government

Agence nationale de l'aviation civile

Diplomatic, bilateral and multilateral agencies

ASECNA

ICAO

Others

Hadid International

Sierra Leone

Government

Ministry of Mines

Diplomatic, bilateral and multilateral agencies

UNHCR

UNAMSIL

Liberian refugee committees in camps at

- Bandajuma
- Gerihun
- Gondama
- Jimmy Bagbo
- Jembe
- Largo
- Taiama
- Tobanda

Swaziland

Government

Deputy Prime Minister

Minister of Transport

Civil Aviation Authority

Diplomatic, bilateral and multilateral agencies

UNDP

Switzerland

Diplomatic, bilateral and multilateral agencies

UNHCR

UNEP

ICRC

United Arab Emirates

Government

Civil Aviation Authority

Private sector

Rus Aviation (Saleh al-Aroud)

Gatewick Aviation Services (Bilal Msouti)

First International Airline (Babiker M. Saad)

Aviation Leasing Group (Babiker M. Saad)

Deputy manager of Sharjah Airport

United Kingdom of Great Britain and Northern Ireland

Diplomatic, bilateral and multilateral agencies

Government Diamond Office

Action Aid

Global Witness

Fauna & Flora International

Save the Children

United States of America

Conservation International

Annex II

Arms shipments to Liberia in 2003

1. Flight of 7 August 2003: story of a non-regulation flight

On 7 August 2003 a shipment of weapons (mostly 7.62X39 ammunition, AK-47 type assault rifles, 60mm mortars and RPG7 grenades) was delivered to Robertsfield International Airport (RIA), in direct violation of the United Nations sanctions on arms. The parties involved tried to cover up their identity and the source of the cargo. However, it is now certain that the cargo was loaded in Tehran and the flight was requested by the Kleilat company, operated by RUS Aviation, using the call sign of Astral Aviation and the brokerage services of Gatewick Aviation Services.

The cargo was loaded on 6 August 2003 in Tehran, on a Boeing 707, flight number ACP 801, registered 9G LAD. The plane, piloted by an American-Iranian, stopped in Syrte on the way to Robertsfield Airport. Weather conditions on arrival in Monrovia were extremely poor, and the pilot failed to keep the plane level and damaged two engines on landing. While the plane was being unloaded, and the crew was cannibalizing spare parts from an abandoned B 707 to repair the plane, ECOMIL forces arrived. The crew then attempted a hurried take-off, at which point ECOMIL opened fire. Three bullets penetrated the rear of the cockpit while the unfortunate engineers, who were trying to change parts rushed, under fire, to take cover. The plane stopped, and the captain and the crew were ordered to deplane but refused. Three hours later and after long negotiations, the plane took off without the crew deplaning, but with holes in its fuselage and both its motors damaged. The plane left behind two crew members, who were instructed to bring spare parts to Lagos, Nigeria. It was not possible to repair the plane in Lagos and it left for Sharjah in the United Arab Emirates.

Contents of the cargo and final destination

The Panel has ascertained that the plane contained a shipment of weapons under a false manifest. The original cargo manifest (annex III) stated that the aircraft was loaded at Sharjah International Airport and was to proceed to "Gana Ivory Coast". However, a second manifest (annex IV), obtained from Gatewick Aviation Services, the operator of the flight, stated that the shipment had left Tehran bound for Monrovia. The Panel established that the aircraft never went to Côte d'Ivoire or to Ghana, it ultimately landed in Monrovia. The materiel aboard was not humanitarian supplies for the Rescue Programme of Liberia, as indicated on the second manifest (annex IV), but weapons and ammunition.

	Type	*Quantity*	*Number of boxes*	*Weight (kg)*
Ammunition	7.62 x 39	699 000	699	14 388
Ammunition	RPG 7	427	67	2 010
Ammunition	Mortar, 60-mm	1 480	148	3 352
Arms	Kalashnikov	300	60	2 437
Arms	60-mm mortar launcher	2	2	78

Place of loading

The Panel's investigations of all the flight operators in Sharjah and Dubai did not turn up any evidence that loading had taken place in Sharjah. On the contrary, the flight's broker, RUS Aviation, and the aforementioned Gatewick Aviation Services, stated that the aircraft was loaded at Tehran. This version was confirmed by crew members that the Panel met in Dubai. Moreover, Saha Airline, admitted servicing the aircraft in Tehran, having submitted an invoice for US$ 2,900 for the servicing. Saha also acknowledged that it paid $15,461 to the Tehran civil aviation authorities on behalf of Astral Aviation, the Kenyan airline that owned the call sign used during the flight to Monrovia (see section IV, Civil aviation). According to the Director of Saha Airlines, the crew paid the Iranian civil aviation authorities in cash, but he denies that any loading took place in Tehran and stated that, to the best of his knowledge, no service had been provided (no fuelling, no cleaning, no catering). However, it is difficult to understand why an aircraft bound for West Africa would travel in the opposite direction, that is, north-east, stop for several hours in Tehran, and pay almost $19,000 in fees, unless it was picking up cargo, probably the weapons and ammunition that were later unloaded at the Monrovia airport.

The captain, in statements to both the Panel and the civil aviation authorities in the United Arab Emirates, denied that the cargo was arms, claiming that, as a former military man, he would recognize arms when he saw them. However, the pilot also referred to the 7 August 2003 flight (ACP 801) as "normal".

The captain's recollection is dramatically different from that of the crew. According to the crew, the cargo was taken by two military trucks to be loaded on to the aircraft by personnel in khaki uniform in a remote part of the Tehran airport. The captain himself oversaw the operations, whereas, ordinarily, he should have been resting prior to departure. Loading was time-consuming because it was done manually and each pallet was dismantled piece by piece so it could be reconstituted in the aircraft. The witnesses said that a photograph of the boxes unloaded in Monrovia corresponded to those they had seen at RIA that night.

It is alleged that a man known as "Ali" paid $95,000 to the Moscow agents of Rus Aviation, which is based in Dubai, for the Tehran to Monrovia flight on 7 August 2003. Rus then subcontracted to Gatewick at $90,000. The Boeing-707 9G-LAD is partly owned by an American company, ALG, whose owner is American-Iranian. The air operator's certificate belonged to another company, Johnson Air of Ghana. Gatewick, the flight operator, had "borrowed" the call sign from Astral. According to the owner of Gatewick, Astral owes him $114,000 and apparently had agreed to reimburse it by lending Gatewick the Astral call sign (ACP). An Astral representative stated however that $100,000 had been reimbursed directly to Mr. Bilal Msouti, a representative of Gatewick, either in cash or through Western Union transfers in Dubai. Around the time that the problems with flight ACP 801 were uncovered, Astral filed a lawsuit against Gatewick for misusing its call sign and for forgery and the use of forgery. It had already filed suit on similar grounds in a case against another company in Kazakhstan.

Two other flights identified

The Panel has identified two more flights with the same route and the same characteristics, one on 15 June 2003 by the same aircraft but with another captain, and another on 22 May 2003, with a different aircraft and crew. With regard to the

first flight, the Saha Airlines official again acknowledged that the aircraft had landed in Tehran but said that it was a ferry flight, that is, an aircraft travelling empty. Once again, even in the absence of additional evidence, it is hard to believe that a Boeing-707 aircraft would be flying empty from Sharjah to Monrovia via Tehran. The flight of 22 May has been confirmed by various air control centres along the flight path, but the aviation authorities in Tehran claim they can find no trace of it.

2. The mysterious Qeshm Air flights

The Panel has also investigated alleged arms shipments to Monrovia from Tehran on three flights operated by Qeshm Air, and also requested by the Kleilat group (see above). In previous reports the Panel had alleged that Qeshm Air flights EP-IJI on 17 March 2003, EP-IQI on 9 April 2003 and EP-IQJ on 29 April 2003 had unloaded weapons and ammunition in Monrovia. This has been confirmed by witnesses contacted in April 2004 at RIA. The manifests (annex V) confirmed that the Kleilat group was responsible for the shipments. The Panel found that all the items shipped had been delivered to an intermediary, Toos Overseas Prestige Company, based in Tehran.

In Tehran, authorities were unable to arrange for the Panel to meet with a representative of the Toos Overseas Prestige Company and none of the invoices were available. The authorities nonetheless arranged a meeting with the freight forwarding agent, that is, the person in charge of the customs formalities, but he was unable to provide the names of all the companies involved. He did, however, provide the packing lists for each of the three flights, itemizing the contents of the cargo: (a) 22 tons of boots and shoes and 9.4 tons of undergarments on the flight of 29 April; (b) 7.9 tons of boots and shoes and 7.4 tons of ponchos on the flight of 9 April; and (c) 21 tons of tools and 9 tons of electric batteries on the flight of 17 March. To his knowledge, what he had seen in the warehouse corresponded to the packing lists. The Panel requested the Iranian authorities to take all necessary measures to identify the suppliers of these items and obtain the corresponding itemized invoices for the Panel as soon as possible. The Iranian authorities agreed and requested a few days to comply. The investigation has, therefore, been suspended pending the receipt of these invoices. However, for the time being, it is a concern that the Iranian authorities are unable to document the manufacturers of the civilian goods that the authorities claim were loaded on the three flights.

3. The Katex flights

The Government of Guinea has not investigated the alleged shipments of arms in 2002 and 2003 from the Guinean company Katex Mines to the LURD rebels (see S/2003/937). It is true that the Government of Guinea has never opposed the Panel's visits, but Guinea could very easily have removed suspicion by inviting the Panel to observe the unloading of flights known to belong to Katex Mines. Likewise, Guinea could have given the Panel access to Katex documents, or even undertaken its own investigation, as a number of countries have done when the Panel expressed concerns about certain transactions.

The Panel found records of 18 flights, beginning in February 2002, which took the Lviv/Tehran/Conakry route. All these flights took on cargo in Tehran. The Iranian authorities produced invoices for some of the 18 shipments to Conakry. The

invoices described goods, such as tyres, detergent and batteries. However, an exhaustive study of the contents of the 18 flights was not possible because the Panel does not have all the cargo manifests and their related invoices. No supporting documents have been furnished for the nearly 100 tons of what is referred to as "technical equipment" already mentioned in a previous Panel report (S/2003/937, para. 102). The Iranian authorities have not yet given any explanation as to the nature of the equipment shipped.

The Panel also notes that, since August 2003 and the cessation of hostilities in Liberia, the Lviv/Tehran/Conakry flights have stopped and have been replaced by Lviv/Conakry flights that do not go via Tehran. With regard to the Katex flights, the Panel found that no further flights have been carried out for that company. The flights of 4 December 2003 and 25 February 2004 were carried out by the Guinean army and did not transit through Tehran. They flew to Conakry from Lviv, Ukraine, via the Libyan Arab Jamahiriya. Overall, the Panel found 31 flights (13 carried out by the Guinean army and 18 by Katex) from Ukraine to Conakry since January 2000.

Annex III
Original cargo manifest for Kleilat flight 9G-LAD, Tehran to Monrovia

Cargo Manifest ICAO Annex 9 / Appendix 3

Owner or Operator: **GATE WICK**

Aircraft: **9G-LAD** FLIGHT No. **ACP 801** DATE: **05/AUG /03**

Point of [illegible] Place and Country: **OMSJ** Point of Unloading [illegible] Place and Country: **IVORY COST**

AIR WAYBILL NUMBER	Number and Type of Packages	NATURE OF GOODS	GROSS WEIGHT KG	For Use by Owner or Operator Only	FOR OFFICIAL USE ONLY
0001 0127	980PCS	GENERAL CARGO	24510 KG		
	980 pcs		24510 Kg		

[illegible]

PREPARED BY: [illegible] PAGE [illegible] OF [illegible] PAGE

FUE 420 0001 0127

Shipper's Name and Address
RIBINSK CO.LTD
VILINIUS / LITHVANIA

Shipper's Account Number

Not negotiable
Airwaybill
(Air Consignment note) issued by

Авиакомпания "АВИАСТАР"
AVIASTAR AIRLINES
38, pr. Leninskogo Komsomola
432067, Ulyanovsk, Russia

Consignee's Name and Address
KLEILAT CO.
NOTIFY MR.SHAMIM /IVORY COST

Consignee's Account No.

Copies 1, 2 and 3 of this Air Way Bill are originals and have the same validity

It is agreed that the goods described herein are accepted in apparent good order and condition (except as noted) for carriage SUBJECT TO THE CONDITIONS OF CONTRACT ON THE REVERSE HEREOF. THE SHIPPER'S ATTENTION IS DRAWN TO THE NOTICE CONCERNING CARRIERS' LIMITATION OF LIABILITY. Shipper may increase such limitation of liability by declaring a higher value for carriage and paying a supplemental charge if required. Agent is not liable for the goods until they are received at its town terminal or airport office.

Issuing Carrier's Agent Name and City
GATE WICK

Accounting Information

Agent's IATA Code
SHARJEH

Account No.

Airport of Departure (Addr. of First Carrier) and Requested Routing

To	By First Carrier	Routing and Destination	to	by	to	by	Currency	CHGS Code	WT/VAL PPD	WT/VAL COLL	OTHER PPD	OTHER COLL	Declared Value for Carriage	Declared Value for Customs
IVORY COST														

Airport of Destination | Flight/Date | Flight/Date | Amount of Insurance

INSURANCE - If Carrier offers insurance and such insurance is requested in accordance with condition on reverse hereof, indicate amount to be insured in figures in box marked 'Amount of Insurance'.

Handling Information

No. of Pieces RCP	Gross Weight	kg lb	Rate Class Commodity Item No.	Chargeable Weight	Rate / Charge	Total	Nature and Quantity of Goods (Incl. Dimensions or Volume)
60	15400KG					15400	GENERAL CARGO
60	2820 KG					2820	"
67	2010 KG					2010	"
150	3375 KG					3375	"
3	105 KG					105	"
980 pcs	24510 Kg					24510 KG	

Prepaid	Weight Charge	Collect	Other Charges
	Valuation Charge		
	Tax		
	Total Other Charges Due Agent		Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations.
	Total Other Charges Due Carrier		AVIASTAR AIRLINES
			Signature of Shipper or his Agent
Total Prepaid		Total Collect	05/AUG/03
Currency Conversion Rates	CC Charges in Dest Currency		Executed on (Date) at (Place) Signature of Issuing Carrier or its Agent
For Carrier's Use only at Dtination	Charges at Destination	Total Collect Charges	

FUE 420 0001 0127

Annex IV
Second cargo manifest for flight 9G-LAD for "Rescue Programme of Liberia"

STAPLE DOCUMENTS ABOVE PERFORATION S. NO. 523671

Shipper's Name and Address
SAHA AIRLINES
TEHRAN - IRAN

Shipper's Account Number

Air Waybill
issued by MOUFAD AVIATION SERVICES

Copies 1, 2 and 3 of this Air Waybill are originals and have the same validity.

Consignee's Name and Address
RESCUE PROGRAMME OF LIBERIA
MONROVIA - LIBERIA

Consignee's Account Number

It is agreed that the goods described herein are accepted in apparent good order and condition (except as noted) for carriage SUBJECT TO THE CONDITIONS OF CONTRACT ON THE REVERSE HEREOF. THE SHIPPER'S ATTENTION IS DRAWN TO THE NOTICE CONCERNING CARRIER'S LIMITATION OF LIABILITY. Shipper may increase such limitation of liability by declaring a higher value for carriage and paying a supplemental charge if required. ALL GOODS MAY BE CARRIED BY ANY OTHER MEANS INCLUDING ROAD OR ANY OTHER CARRIER UNLESS SPECIFIC CONTRARY INSTRUCTIONS ARE GIVEN HEREON BY THE SHIPPER AND SHIPPER AGREES THAT THE SHIPMENT MAY BE CARRIED VIA INTERMEDIATE STOPPING PLACES WHICH THE CARRIER DEEMS APPROPRIATE.

Issuing Carrier's Agent Name and City
MOUFAD AVIATION SERVICES

Accounting Information
PREPAID

Agent's IATA Code

Account No.

Airport of Departure (Addr. of 1st Carrier) and requested Routing

To	By first Carrier	Routing and Destination	to	by	to	by	Currency	CHGS Code	WT/VAL PPD	WT/VAL COLL	OTH PPD	OTH COLL	Declared Value for Carriage	Declared Value for Customs
							USS							

Airport of Destination	Flight/Date For Carrier Use only	Flight/Date	Amount of Insurance	INSURANCE - If carrier offers insurance and such insurance is requested in accordance with conditions on reverse hereof, indicate amount to be insured in figures in box marked Amount of Insurance.
MONROVIA	ACP801	5-Aug-03	AS AGREED	

Handling Information
PLEASE INFORM CNEE ON ARRIVAL

No. of Pieces RCP	Gross Weight	kg lb	Rate Class Commodity Item No.	Chargeable Weight	Rate / Charge	Total	Nature and Quantity of Goods (incl. Dimensions or Volume)
740	24,360			29300	AS AGREED	AS AGREED	GENERAL CARGO
						AS AGREED	

Prepaid | Weight Charge | Collect | Other Charges

Valuation Charge
AS AGREED

Tax

Total other Charges Due Agent

Total other Charges Due Carrier

Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations.

MOUFAD Aviation Services
C.R.: 46[illegible], Damascus

Signature of Shipper or his Agent

Total prepaid | Total collect

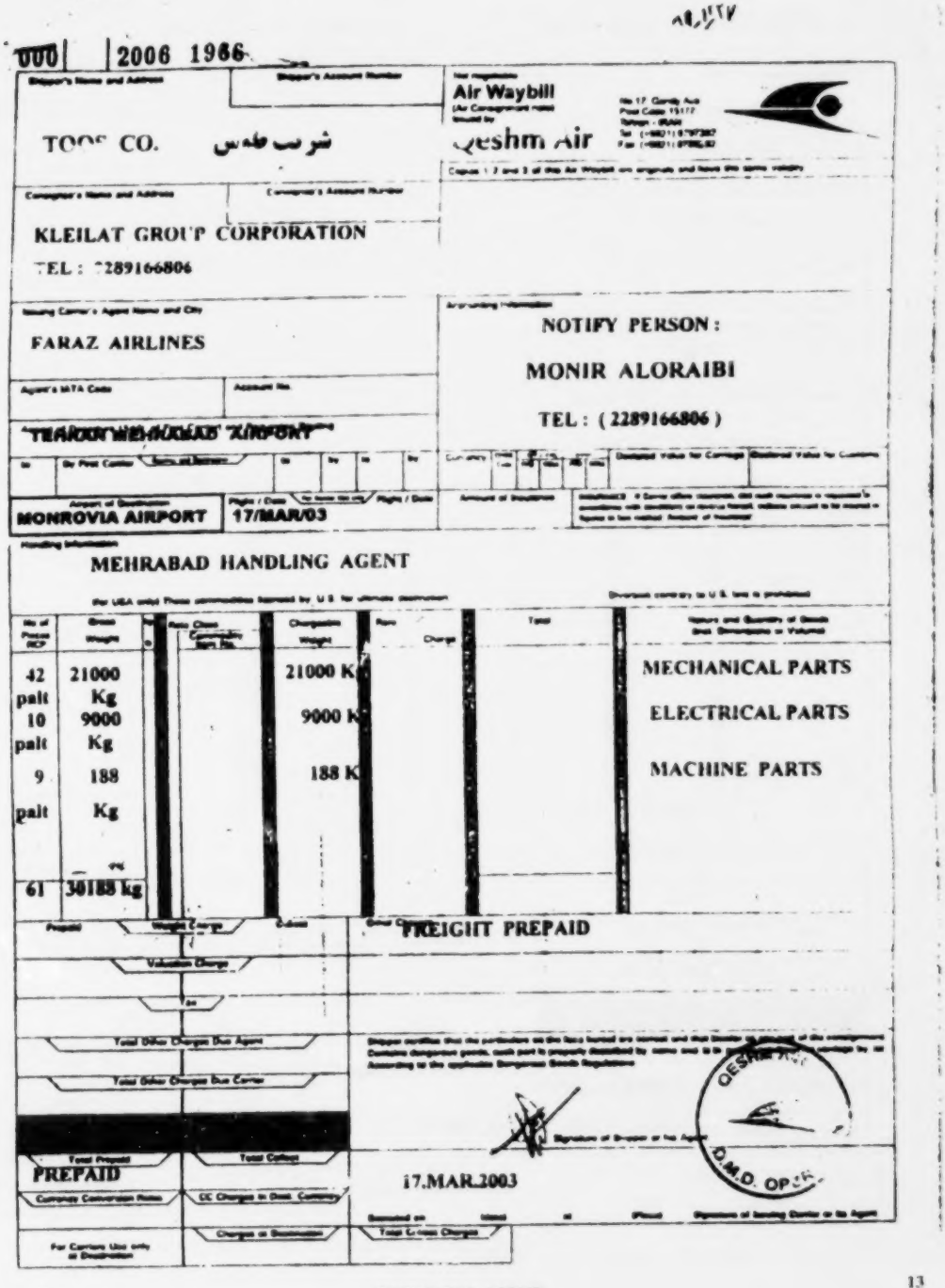
Currency Conversion Rates | cc charges in Dest. Currency

Executed on (Date) 4/8/03 (Place) Signature of Issuing Carrier or its Agent

12

Annex V

Qeshm Air cargo manifests for Kleilat Group Corporation flights from Tehran to Monrovia



000 2006 1966

Shipper's Name and Address: TOOS CO. شرکت طوس

Shipper's Account Number:

Air Waybill

Issued by: Qeshm Air

Consignee's Name and Address: KLEILAT GROUP CORPORATION
TEL : 2289166806

Issuing Carrier's Agent Name and City: FARAZ AIRLINES

Agent's IATA Code:

Account No.:

TEHRAN MEHRABAD AIRPORT

Accounting Information: NOTIFY PERSON : MONIR ALORAIBI TEL : (2289166806)

Airport of Destination: MONROVIA AIRPORT

Flight / Date: 17/MAR/03

Handling Information: MEHRABAD HANDLING AGENT

No. of Pieces RCP	Gross Weight	Rate Class Commodity Item No.	Chargeable Weight	Rate / Charge	Total	Nature and Quantity of Goods (incl. Dimensions or Volume)
42 palt	21000 Kg		21000 K			MECHANICAL PARTS
10 palt	9000 Kg		9000 K			ELECTRICAL PARTS
9 palt	188 Kg		188 K			MACHINE PARTS
61	30188 kg					

Prepaid / Weight Charge / Collect: FREIGHT PREPAID

Valuation Charge

Tax

Total Other Charges Due Agent

Total Other Charges Due Carrier

Total Prepaid: PREPAID

Total Collect

Currency Conversion Rates / CC Charges in Dest. Currency

Charges at Destination / Total Collect Charges

For Carriers Use only at Destination

Shipper certifies that the particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations

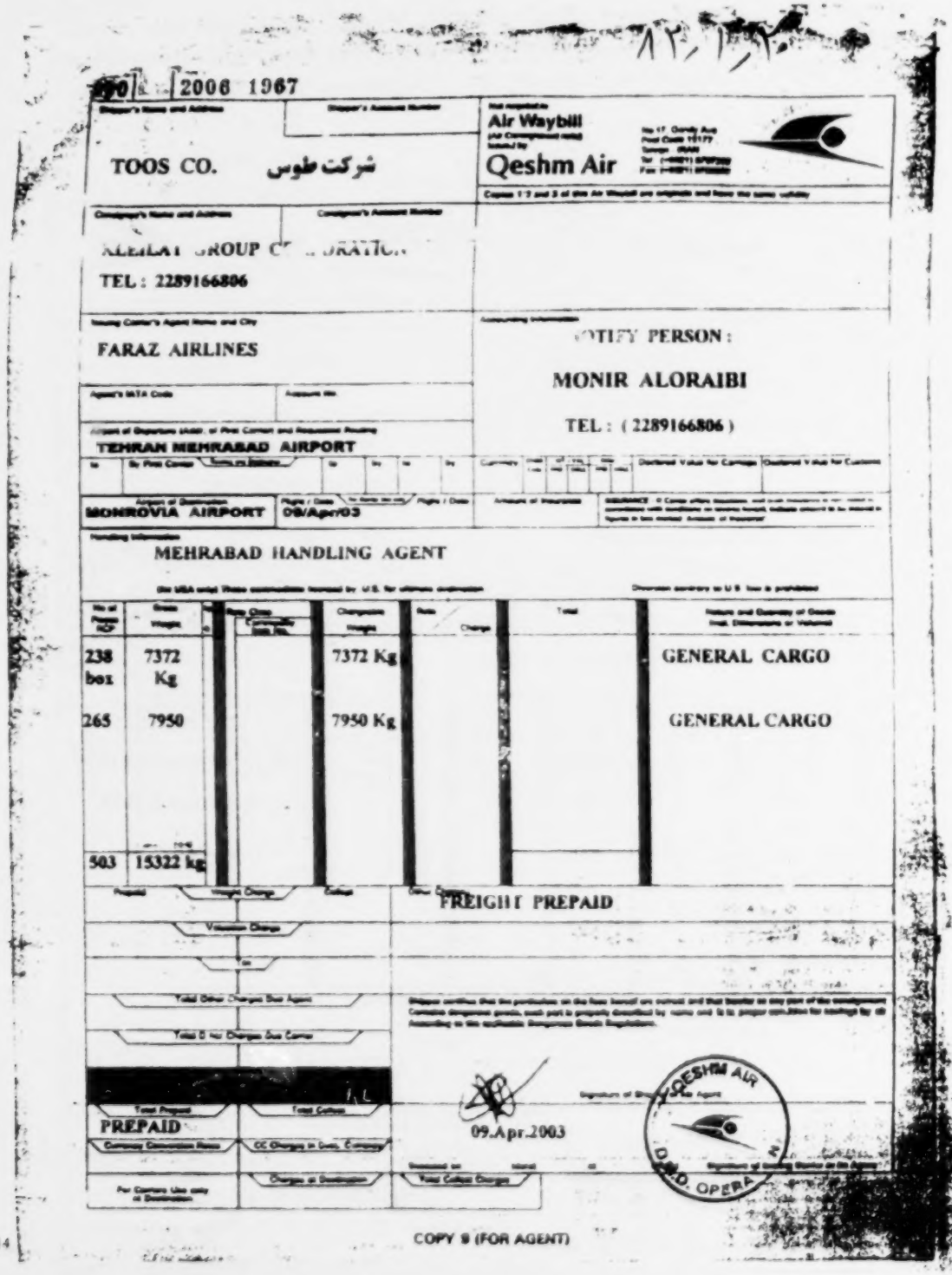
Signature of Shipper or his Agent

Executed on 17.MAR.2003 at Tehran

Signature of Issuing Carrier or its Agent

QESHM AIR O.M.O. OP

COPY 9 (FOR AGENT)



2006 1967

Air Waybill

Qeshm Air

TOOS CO. شرکت طوس

TEL : 2289166806

FARAZ AIRLINES

NOTIFY PERSON :

MONIR ALORAIBI

TEL : (2289166806)

TEHRAN MEHRABAD AIRPORT

MONROVIA AIRPORT | 09/Apr/03

MEHRABAD HANDLING AGENT

No. of Pieces RCP	Gross Weight	Chargeable Weight	Rate / Charge	Total	Nature and Quantity of Goods (incl. Dimensions or Volume)
238 box	7372 Kg	7372 Kg			GENERAL CARGO
265	7950	7950 Kg			GENERAL CARGO
503	15322 kg				

FREIGHT PREPAID

PREPAID

09.Apr.2003

QESHM AIR

D.N.D. OPERA

COPY 9 (FOR AGENT)

۸۲,۲,۹

-500 | 2006 1945

Shipper's Name and Address | Shipper's Account Number

TOOS CO. شرکت طوس

Air Waybill
(Air Consignment Note)
Issued by
Qeshm Air

Copies 1, 2 and 3 of this Air Waybill are originals and have the same validity

Consignee's Name and Address | Consignee's Account Number

KLEILAT GROUP CORPORATION
TEL : 2289166806

Issuing Carrier's Agent Name and City

FARAZ AIRLINES

Agent's IATA Code | Account No

Accounting Information

NOTIFY PERSON :
MONIP ALORAIBI
T 89166806)

Airport of Departure (Addr. of First Carrier) and Requested Routing

TEHRAN MEHRABAD AIRPORT

to	By First Carrier	to	by	to	by	Currency	CHGS	WT/VAL	Other	Declared Value for Carriage	Declared Value for Customs

Airport of Destination	Flight / Date	For Carrier Use only / Flight / Date	Amount of Insurance
MONROVIA AIRPORT	29/Apr/03		

INSURANCE - If Carrier offers insurance, and such insurance is requested in accordance with conditions thereof, indicate amount to be insured in figures in box marked "Amount of Insurance".

Handling Information

MEHRABAD HANDLING AGENT

(For USA only) These commodities licensed by U.S. for ultimate destination

No. of Pieces RCP	Gross Weight	lb/kg	Rate Class / Commodity Item No.	Chargeable Weight	Rate / Charge	Total	Nature and Quantity of Goods (incl. Dimensions or Volume)
200 box	9400 Kg			9400 Kg			GENERAL CARGO
1000	22000			22000 Kg			GENERAL CARGO
1200	31400 kg						

Prepaid	Weight Charge	Collect	Other Charges
			FREIGHT PREPAID
	Valuation Charge		
	Tax		
	Total Other Charges Due Agent		
	Total Other Charges Due Carrier		
Total Prepaid		Total Collect	
PREPAID			
Currency Conversion Rates		CC Charges in Dest. Currency	
For Carriers Use only at Destination		Charges at Destination	Total Collect Charges

The particulars on the face hereof are correct and that insofar as any part of the consignment contains dangerous goods, such part is properly described by name and is in proper condition for carriage by air according to the applicable Dangerous Goods Regulations

Signature of Shipper or his Agent

29 Apr 2003

Executed on (date) at (Place) Signature of Issuing Carrier or its Agent

15

COPY 9 (FOR AGENT)

Annex VI
Fraudulent use of Astral letterhead by Gatewick Aviation Services

FROM : HORN EQUATORIAL ASTRAL AVIA FAX NO. : 254 2 441214

We confirm a fee of US$ 200.00 per flight for the usage of the call-sign

1) Type of cargo / general cargo SHJ/LOS TECH AT KRT
2) This to confirm no military or dangrous cargo o/b
3) Above amount is subject to change as per IATA original Bills.

Thanking You

SANJEEV S. GADHIA
COMMERCIAL DIRECTOR

CC: Astral Accounts
Astral Operations

ASTRAL AVIATION LTD
rhapta road, westlands, p. o. box 324, 00606 nairobi - kenya
SITA: NBOASCR e-mail: info@astral-aviation.com
tel: 4448869/4447195 hotline: 4441035 mobile: (0722)513120, (0733)513120
fax: 441214 website: www.astral-aviation.com

Annex VII
Overflight and landing request to Mali by Gatewick Aviation Services to deliver "fresh fruit" to Liberia

```
**** Print Requested by      Mon May 03 17:51:36 2004 ****

Message SND 03/08/05  10:16:13

Recipient List:
From  STX   SHJZGCR
To    STX   SHJATCR

Subject:
GROUND HANDLING REQUEST

Message Text:

ATTN: RUS[illegible]ATION
FROM: GA[illegible]CK AVIATION SERVICES

TOP TOP URGENT

KINDLY ARRANGE GROUND HANDLING SERVICES FOR THE FOLLOWING FLIGHT:

OPERATOR          : ASTRAL AVIATION LTD.
                    NAIROBI, KENYA.
A/C TYPE          : B707-320F, MTOW: 152,000 KGS.
REGISTRY          : 9G-LAD
CALLSIGN          : ACP801
LOCATION          : MITIGA AIRPORT, ICAO CODE: HLLM
DATE OF FLT       : 05 AUG'03
ROUTE             : OIII-HLLM-GLRB
PURPOSE OF LANDING: TECH LANDING FOR REFUELING ONLY.

PLEASE ACKNOWLEDGE AND CONFRIM ASAP.

MANY THANKS FOR YOUR GOOD COOPERATION.

BEST REGARDS,
FLIGHT OPERATIONS
GATEWICK AVIATION SERVICES - DXB



**** Print Requested by      Mon May 03 17:55:13 2004 ****

Message SND 03/08/04  10:00:43

Recipient List:
From  STX   SHJZGCR
To    STX   OREXTYF

Message Text:
GG GABVYAYX GABVYDYX GABSYTTS
041000 OMSJCGKR

ATTN: CIVIL AVIATION AUTHORITY - MALI
FROM: GATEWICK AVIATION SERVICES

TOP TOP URGENT

KINDLY REQUEST OVERFLIGHT PERMISSION FOR THE FOLLOWING FLIGHT:

OPERATOR : ASTRAL AVIATION LTD.
A/C TYPE : B707-320F
REGISTRY : 9G-LAD
CALLSIGN : ACP801
PURPOSE  : TRANSPORTING OF FRESH FRUITS
SCHEDULE : ACP801 ETD HLLM 0130Z ETA GLRB 0630Z 05 AUG'03
ROUTING  : VIA APPROVED ATS ROUTES ACCORDING TO CURRENT NOTAMS.
REPLY TO : SITA: SHJZGCR, AFTN: OMSJCGKR, FAX: +971 4 2288951.

PLS ACK & CFM PERMIT NBR ASAP.

MANY THANKS FOR YOUR GOOD COOPERATION.

B.RGDS - FLT OPS
GATEWICK AVIATION SERVICES
```

Annex VIII
Robertsfield International Airport
Flight movements
(flight 9G-LAD is missing)

AUGUST (MONTH) 2003 (YEAR)

DATE	A/C CALLSIGN	TYPE	REGISTRATION	CAT	OPERATOR	COUNTRY OF REGISTRY	ORIGIN	DEST.	ATD LOCAL	ATD INTL	ATA LOCAL	ATA INTL	ATA DATCO
06	5NFGR	HS125	5NFGR	M	FED GOVT OF NIGERIA	NIGERIA	DNAA	GLRB		1625		1546	AWP
06	UN095	MI-8	RA-28977	L	UN	RUSSIA	GFHA	GLRB		1651		1551	AWP
06	UN096	MI-8	RA-27176	L	UN	RUSSIA	GFHA	GLRB		1649		1634	AWP
07	UN090	AN72	ESNOK	M	UN	ESTONIA	GFLL	GLRB		1012		0907	"
07	UN812	IL76	URUCO	H	UN	UKRAINE	GFLL	GLRB		1112		0928	"
07	UN099	MI-8	RA27175	L	UN	RUSSIA	GFHA	GLRA		1153		1147	AWP
07	UN109	MI-8	RA-27177	L	UN	RUSSIA	GFHA	GLRB		1214		1207	"
07	WTC00516	AN24	UN46699	M	WAICO	KAZAKHSTAN	GLRB	DIAP		1302		1819	AWP
07	UN090	AN72	ESNOK	M	UN	ESTONIA	GFLL	GLRB		1408		1317	"
07	UN812	IL76	URUCO	H	UN	UKRAINE	GFLL	GLRB		1510		1423	"
07	UN095	MI-8	RA-28977	L	UN	RUSSIA	GFHA	GLRA		1635		1601	AWP
07	UN099	MI-8	RA27175	L	UN	RUSSIA	GFHA	GLRB		1708		1634	"
07	UN090	AN72	ESNOK	M	UN	ESTONIA	GFLL	GLRA		1736		1705	AWP
07	5NGFP	GII	5NGFP	M	FED GOVT OF NIGERIA	NIGERIA	DNAA	GLRA		2031		1746	"
07	ZSREB	AE20	ZSREB	L	CITRUTEK	S. AFRICA	DGAA	GLRA		2134		1927	AWP
08	UN096	MI-8	RA27176	L	UN	RUSSIA	GFHA	GLRB		1030		1013	JAZ
08	UN119	MI-8	RA27171	L	UN	RUSSIA	GFHA	GLRB		1031		1015	"
08	UN090	AN-72	ESNOK		UN	ESTONIA	GFLL	GLRB		1037		0944	JAZ
08	AZ04252	AN12	4KAZ18	H	RED CROSS	AZERBAIJAN	GOOY	GLRB		1119		0722	"
08	UN098	MI-26	RA-06078	L	UN	RUSSIA	GFKE	GLRB		1135		1035	JAZ
08	UN812	IL76	UR-UCO	H	UN	UKRAINE	GFLL	GLRB		1149		1028	"
08	WTC003	AN24	UN46699	M	WAICO	KAZAKHSTAN	GLRB	GFLL		13.1		—	"
08	UN090	AN72	ESNOK		UN	ESTONIA	GFLL	GLRB		1430		1347	JAZ
08	UN-812	IL76	URUCO	H	UN	UKRAINE	GFLL	GLRB		1613		1455	
08	UN 090	AN72	ESNOK	L	UN	ESTONIA	GFHA	GLRB		16		1522	JAZ

S/2004/396

Annex IX
Minimum standards of the Kimberley Process Certification Scheme

Section II

The Kimberley Process Certificate

Each Participant should ensure that:

(a) a Kimberley Process Certificate (hereafter referred to as the Certificate) accompanies each shipment of rough diamonds on export;

(b) its processes for issuing Certificates meet the minimum standards of the Kimberley Process as set out in Section IV;

(c) Certificates meet the minimum requirements set out in Annex I. As long as these requirements are met, Participants may at their discretion establish additional characteristics for their own Certificates, for example their form, additional data or security elements;

(d) it notifies all other Participants through the Chair of the features of its Certificate as specified in Annex I, for purposes of validation.

Section III

Undertakings in respect of the international trade in rough diamonds

Each Participant should:

(a) with regard to shipments of rough diamonds exported to a Participant, require that each such shipment is accompanied by a duly validated Certificate;

(b) with regard to shipments of rough diamonds imported from a Participant:

- require a duly validated Certificate;

- ensure that confirmation of receipt is sent expeditiously to the relevant Exporting Authority. The confirmation should as a minimum refer to the Certificate number, the number of parcels, the carat weight and the details of the importer and exporter;

- require that the original of the Certificate be readily accessible for a period of no less than three years;

(c) ensure that no shipment of rough diamonds is imported from or exported to a non-Participant;

(d) recognise that Participants through whose territory shipments transit are not required to meet the requirement of paragraphs (a) and (b) above, and of Section II (a) provided

that the designated authorities of the Participant through whose territory a shipment passes, ensure that the shipment leaves its territory in an identical state as it entered its territory (i.e. unopened and not tampered with).

Section IV

Internal Controls

Undertakings by Participants

Each Participant should:

(a) establish a system of internal controls designed to eliminate the presence of conflict diamonds from shipments of rough diamonds imported into and exported from its territory;

(b)designate an Importing and an Exporting Authority(ies);

(c) ensure that rough diamonds are imported and exported in tamper resistant containers;

(d) as required, amend or enact appropriate laws or regulations to implement and enforce the Certification Scheme and to maintain dissuasive and proportional penalties for transgressions;

(e) collect and maintain relevant official production, import and export data, and collate and exchange such data in accordance with the provisions of Section V.

(f) when establishing a system of internal controls, take into account, where appropriate, the further options and recommendations for internal controls as elaborated in Annex II.

Section V
Co-operation and Transparency

Participants should:

(a) provide to each other through the Chair information identifying their designated authorities or bodies responsible for implementing the provisions of this Certification Scheme. Each Participant should provide to other Participants through the Chair information, preferably in electronic format, on its relevant laws, regulations, rules, procedures and practices, and update that information as required. This should include a synopsis in English of the essential content of this information;

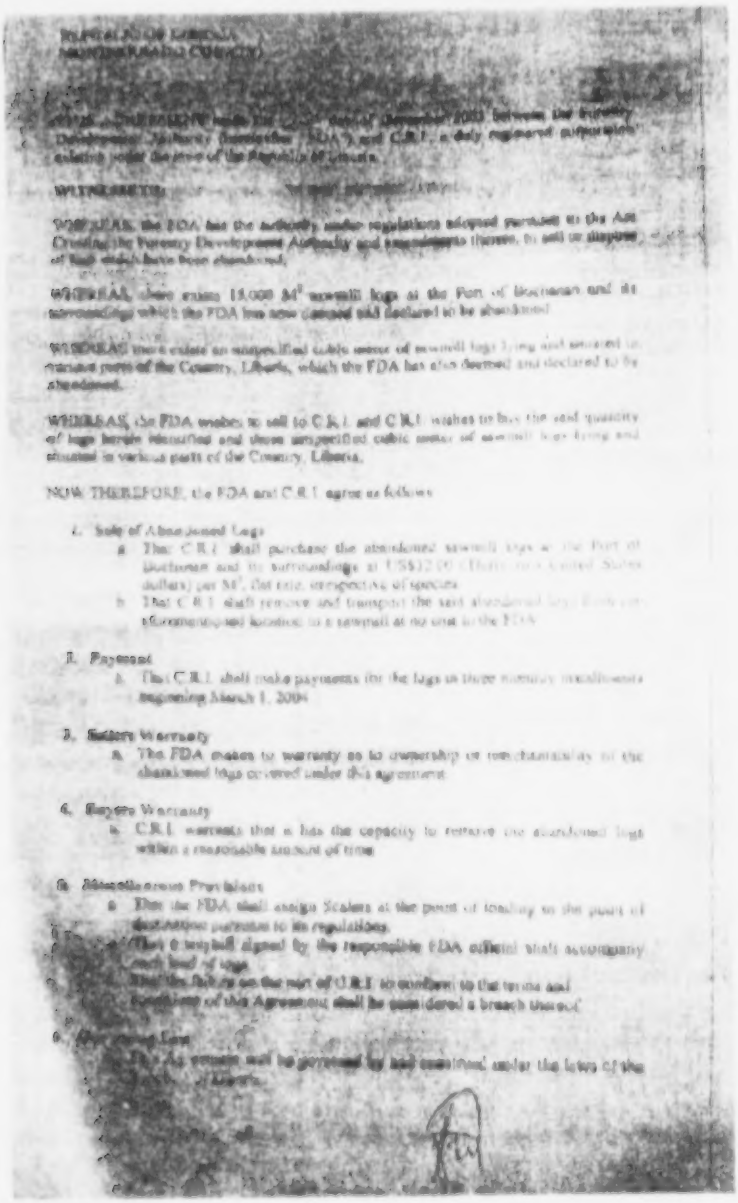
Section VI

8. Participation in the Certification Scheme is open on a global, non-discriminatory basis to all Applicants willing and able to fulfill the requirements of that Scheme.

9. Any applicant wishing to participate in the Certification Scheme should signify its interest by notifying the Chair through diplomatic channels. This notification should include the information set forth in paragraph (a) of Section V and be circulated to all Participants within one month.

Annex X

Contract dated 22 December 2003 between Carlton Resources Inc. and the Liberian Forestry Development Authority to purchase 15,000 m^3 of logs abandoned at Buchanan at US$ 32 per m^3



REPUBLIC OF LIBERIA
MONTSERRADO COUNTY

THIS AGREEMENT made this [illegible] day of December 2003 between the Forestry Development Authority (hereinafter "FDA") and C.R.I., a duly registered corporation existing under the laws of the Republic of Liberia.

WITNESSETH:

WHEREAS, the FDA has the authority under regulations adopted pursuant to the Act Creating the Forestry Development Authority and amendments thereto, to sell or dispose of logs which have been abandoned;

WHEREAS, there exists 15,000 M^3 sawmill logs at the Port of Buchanan and its surroundings which the FDA has now caused and declared to be abandoned;

WHEREAS there exists an unspecified cubic meter of sawmill logs lying and situated in various parts of the Country, Liberia, which the FDA has also deemed and declared to be abandoned;

WHEREAS, the FDA wishes to sell to C.R.I. and C.R.I. wishes to buy the said quantity of logs herein identified and those unspecified cubic meter of sawmill logs lying and situated in various parts of the Country, Liberia;

NOW THEREFORE, the FDA and C.R.I. agree as follows:

1. Sale of Abandoned Logs
   a. That C.R.I. shall purchase the abandoned sawmill logs at the Port of Buchanan and its surroundings at US$32.00 (Thirty-two United States dollars) per M^3, flat rate, irrespective of species.
   b. That C.R.I. shall remove and transport the said abandoned logs from [illegible] aforementioned location to a sawmill at no cost to the FDA.

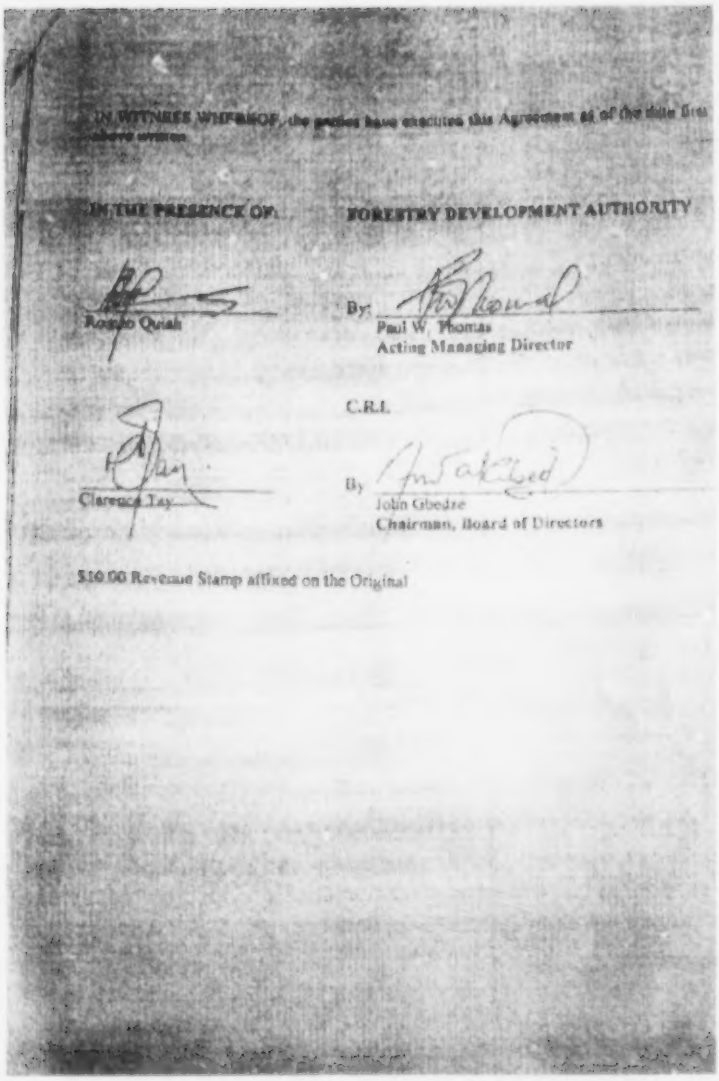
2. Payment
   a. That C.R.I. shall make payments for the logs in three monthly installments beginning March 1, 2004.

3. Sellers Warranty
   a. The FDA makes no warranty as to ownership or merchantability of the abandoned logs covered under this agreement.

4. Buyers Warranty
   a. C.R.I. warrants that it has the capacity to remove the abandoned logs within a reasonable amount of time.

5. Miscellaneous Provisions
   a. That the FDA shall assign Scalers at the point of loading to the point of destination pursuant to its regulations.
   b. That a waybill signed by the responsible FDA official shall accompany each load of logs.
   c. That the failure on the part of C.R.I. to conform to the terms and conditions of this Agreement shall be considered a breach thereof.

6. Governing Law
   This Agreement shall be governed by and construed under the laws of the Republic of Liberia.



IN WITNESS WHEREOF, the parties have executes this Agreement as of the date first above written

IN THE PRESENCE OF:

FORESTRY DEVELOPMENT AUTHORITY

Rosalie Quiah

By:
Paul W. Thomas
Acting Managing Director

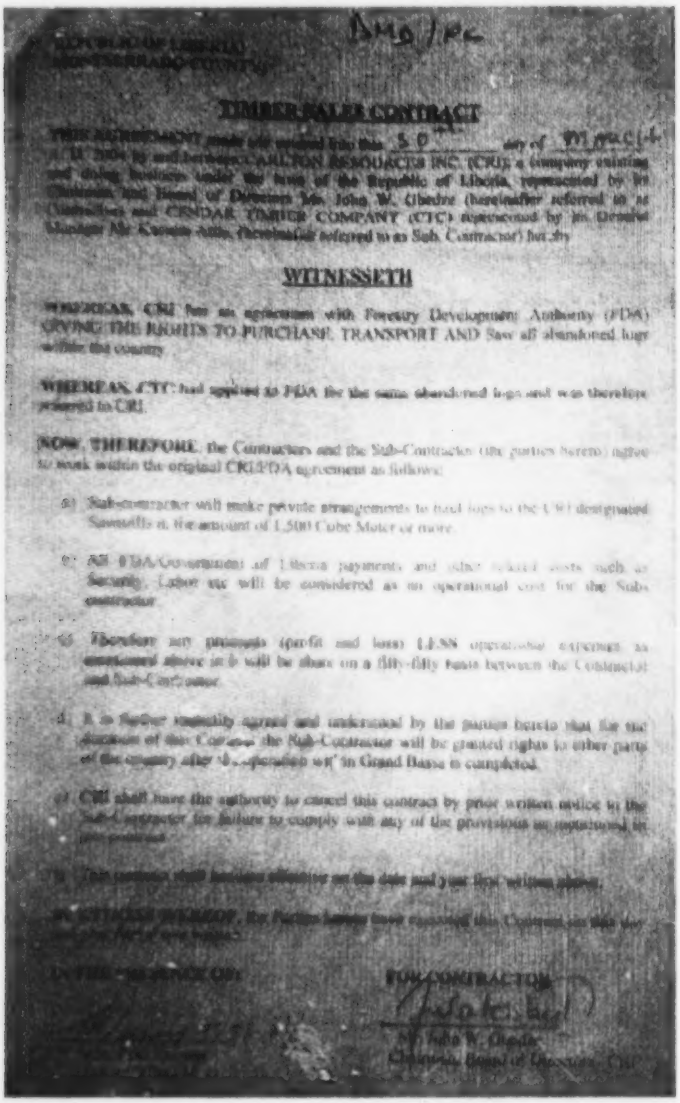
C.R.I.

Clarence Tay

By
John Gbedze
Chairman, Board of Directors

$10.00 Revenue Stamp affixed on the Original

Annex XI
Sub-contract dated 30 March 2004 between Cendar Timber Company and the Liberian Forestry Development Authority to process all abandoned logs anywhere in Liberia



TIMBER SALES CONTRACT

THIS AGREEMENT made and entered into this 30 day of March 2004 by and between CARLTON RESOURCES INC. (CRI), a company existing and doing business under the laws of the Republic of Liberia, represented by its Chairman and Board of Directors Mr. John W. Gbedze (hereinafter referred to as Contractor) and CENDAR TIMBER COMPANY (CTC) represented by its General Manager Mr. Kamara Attia, (hereinafter referred to as Sub Contractor) hereby

WITNESSETH

WHEREAS, CRI has an agreement with Forestry Development Authority (FDA) GIVING THE RIGHTS TO PURCHASE, TRANSPORT AND Saw all abandoned logs within the country

WHEREAS, CTC had applied to FDA for the same abandoned logs and was therefore referred to CRI.

NOW, THEREFORE, the Contractor and the Sub-Contractor (the parties hereto) agree to work within the original CRI/FDA agreement as follows:

a) Sub-contractor will make provide arrangements to haul logs to the CRI designated Sawmills in the amount of 1,500 Cubic Meter or more.

b) All FDA/Government of Liberia payments and other related costs such as Security, Labor etc will be considered as an operational cost for the Sub-contractor

c) Therefore any proceeds (profit and loss) LESS operational expenses as mentioned above in b will be share on a fifty-fifty basis between the Contractor and Sub-Contractor.

d) It is further mutually agreed and understood by the parties hereto that for the duration of this Contract, the Sub-Contractor will be granted rights to other parts of the country after the operation in Grand Bassa is completed.

e) CRI shall have the authority to cancel this contract by prior written notice to the Sub-Contractor for failure to comply with any of the provisions as mentioned in this contract.

f) This contract shall become effective on the date and year first written above.

IN WITNESS WHEREOF, the Parties hereto have executed this Contract on this the ... day of ... 2004.

IN THE PRESENCE OF:

FOR CONTRACTOR:

Mr. John W. Gbedze
Chairman, Board of Directors, CRI

Annex XII
Example of the $7.5 million in payments made by the Oriental Timber Corporation and requested by the former Deputy Minister of Finance, Juanita Neal

A. Authorization letter

REPUBLIC OF LIBERIA

MINISTRY OF FINANCE

MONROVIA, LIBERIA

August 20, 1999

Mr. John Teng
General Manager
Oriental Timber Corporation
Grand Bassa County

Dear Mr. Teng:

RE: GOL TAX PAYMENT TRANSFER

You are hereby authorized to transfer the amount of US$500,000.00 against forestry related taxes to Mr. Sanjivan Ruprah, US$ a/c#15462 through:

Banque Diamantaire Anversoise
12 Rue Bellot
Geneva - Switzerland

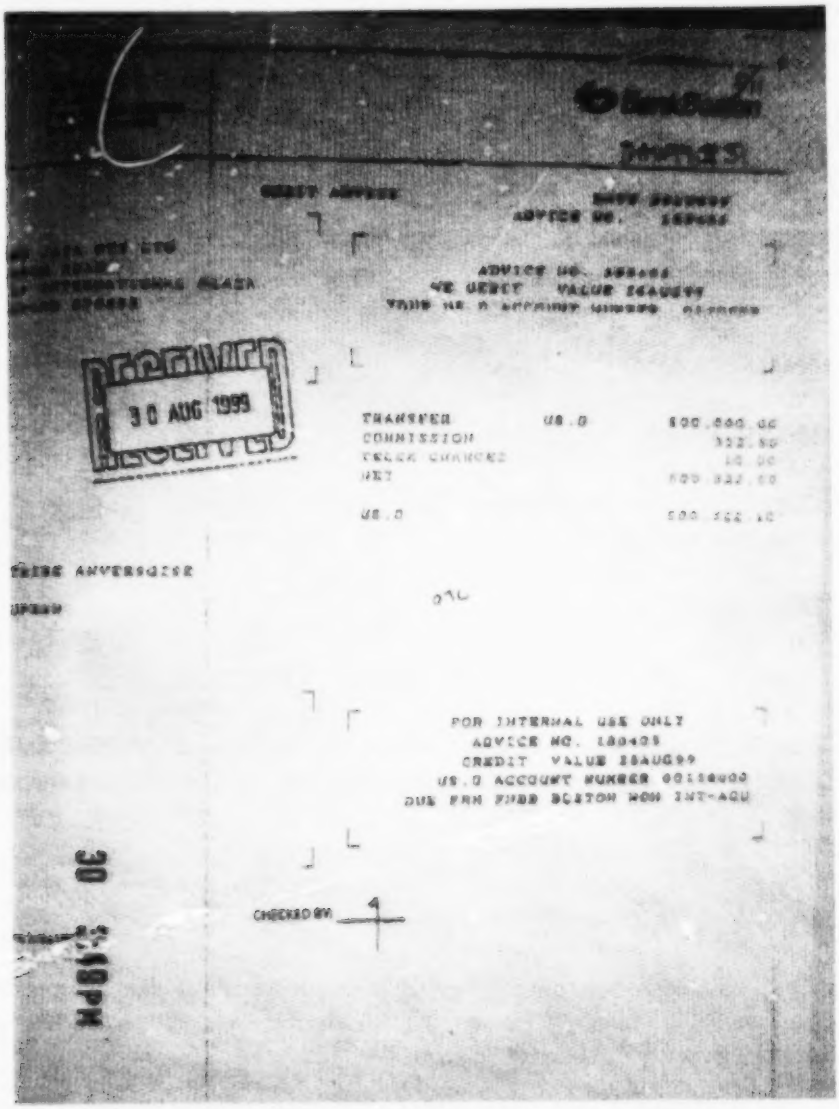
This amount is due in taxes to the Government of Liberia. Flag receipts will be issue your corporation as evidence of payment, as soon as acknowledgment is received from the bank.

Kind regards.

Very truly yours,

Juanita E. Neal
Deputy Minister/Revenue

B. Confirmation of payment



C. **Flag receipt awarded for payment**

REPUBLIC OF LIBERIA
MINISTRY OF FINANCE

OFFICIAL RECEIPT No. 122609

BUCHANAN/C DATE : Sept. 1, 1999

RECEIVED FROM Oriental Timber Corporation

TOWN OR PLACE : _____ COUNTY : _____

KIND OF TAX	TAX PERIOD	AMOUNT	OFFICE USE A/C CODE
Bank Transfer			
Stumpage		250,000.00	3027-01
Land Rental		250,000.00	3027-02
TOTAL TAXES PAID		500,000.00	
PENALTY AND INTEREST			
TOTAL AMOUNT PAID *USD*		500,000.00	

AMOUNT IN WORDS :

☐ PAID BY CASH BILL NO. _____

☐ PAID BY CHECK NO _____ BANK _____

RECEIVED BY: (NAME PRINTED) Moses S. Kpakoi

☐ CASHIER ☐ COLLECTOR _____
SIGNATURE

Annex XIII
Authorization by the Managing Directory of the Liberian Forestry Development Authority, Bob Taylor (brother of former President Taylor), requiring Maryland Wood Processing Industries to pay the local army commander, General Sumo, $4,000 per month for local security

REF: MD/107/'98-4

June 18, 1998

The General Manager
Maryland Wood Processing
Industries (MWPI)
Bushrod Island
Monrovia, Liberia

Dear Mr. Manager:

In an effort to improve the security situation in the South Eastern Region, the Management of the Forestry Development Authority (FDA) is pleased to request that you make available the amount of US$4,000.00 (FOUR THOUSAND UNITED STATES DOLLARS) on a monthly basis to Col. William Y. Sumo, Chairman, Joint Security, South-Eastern Region as your company's contribution toward this worthy cause.

Please be reminded that this amount will be deductible from your future forestry related fees.

We have implicit confidence that you will accord this request your usual consideration and prompt action.

Kind regards,

Very truly yours,

[illegible] M. Taylor
MANAGING DIRECTOR

DBT/MGE/LKW/mgh

Annex XIV

Questionnaires regarding public opinion about sanctions

Questionnaire on UN Sanctions on Liberia

For Governmental & UN Agencies, NGOs, Private Sector Enterprises

1. ***a. Name of Gov't Ministry, UN Agency, NGO, Private Enterprise or Civil Society Group:***

   b. Your Position/Title

2. ***Sector and geographic areas of coverage of your Agency, Organisation, Group or Business:***

3. ***No. of personnel employed by your organisation and target beneficiaries of your activities***

4. ***a. Are you informed about the details of the UN Sanctions on arms, timber and diamonds (y/n)?*** If Yes → ***Does it affect your work? In what way(s)?***

   b. How many people do you estimate, were employed by the timber industry and how much tax do you think was paid to the treasury?

   c. Based on your experiences, how are the sanctions adversely affecting and or benefiting the country and people of Liberia?

   d. How soon would you like to see the sanctions (esp diamonds and timber) lifted? What should, in your view, be the minimum requirements for this to happen?

5. In view of the current sanctions regime and the political and socio-economic situation in Liberia, what, in your view, should be the main focus of the activities of the following:

		Focus of Activities
A	Governmental Agencies	
B	UN Organisations	
C	NGOs	
D	Civil Society Groups	
E	Commercial Enterprises	

6. If the diamond/timber sanctions are lifted in the near future, what would you consider to be the short and long term positive and negative impacts of lifting of the diamond/timber ban?

   What would you consider as appropriate strategic political/economic steps to address the negative impacts?

7. a. How, in your view, could future revenues and other benefits from the timber/diamond industries be used in a sustainable and transparent matter?

8. What can you recommend as general steps forward – social, political, economic and environmental – to manage the Liberian natural resources for the long term benefit of the Liberian Society?

9. ***What (if any) incentives, do you think could promote environmentally sound practices in the diamond and timber industries?***

10. **Any other comments /questions?**

Thank you for your precious time and input!Please mail your responses to:
Email: liberiasanctions@yahoo.com

Survey Questionnaire
For Monrovia and Rural Liberia

1. Date Visited _____
2. Location:

a. County _____ b. City/ Town_____

Interviewee Profile:

1. Name: _____
2. Age_____
3. Marital status:_____
4. Number of children and other dependants(if any)_____
5. Profession:_____
6. Primary source of income before the war:_____
7. Primary source of livelihood now:_____

Views on political and security situation:

1. Do you recognize the interim government (IG) authority? Yes ( ) No ( )
2. Do you feel that the IG has authority over the area you live? Yes ( ) No ( )
3. Has UNMIL deployed in your area? Yes ( ) No ( )
4. If No, which faction is in control? LURD ( ) MODEL ( ) former GOL ( )

Views on the UNSC sanctions on diamonds and timber:

1. What are the two major commercial activities going on in your area?
   a. Petty trading
   b. Logging
   c. Diamond mining
   d. Gold mining
   e. Others
2. Do you know if the UN has sanctions on Liberian diamonds and timber? Yes ( ) No( )
3. Do you feel that the sanctions should be lifted now? Yes ( ) No ( )
4. If no, when and what should be done before sanctions are lifted?

Annex XV

Results of polls regarding Liberian opinions on sanctions

Table 1: General Casting of Poll Results

	A	B	C	D	E	F	G	Totals	%
Total respondents	230	247	241	177	323	407	318	1,943	-
Male respondents	129	157	141	101	301	287	240	1356	70%
Female respondents	101	90	100	76	22	120	78	587	30%
Ages 0 – 19 yrs.	22	2	14	6	4	19	18	85	4%
Ages 20 – 30 yrs	71	114	78	61	118	138	105	685	35%
Ages 31 – 40 yrs	59	65	93	57	115	141	96	626	32%
Above 40 yrs	78	66	56	53	86	109	99	547	28%
Recognize authority of NTGL	223	241	217	152	295	400	294	1,822	94%
Don't recognize authority	7	6	24	25	28	7	24	121	6%
NTGL has control over area	207	196	222	80	45	393	206	1,349	69%
NTGL does not have control	23	51	19	97	278	14	112	594	31%
Know about sanctions	206	241	236	149	311	385	313	1,841	95%
Don't know about sanctions	24	6	5	28	12	22	5	102	5%
Wants sanction lifted now	77	213	197	80	132	189	241	1,129	58%
Wants sanction lifted later	153	34	44	97	191	218	77	814	42%

Legend:

A: Buchanan
B: Ganta
C: Gbarnga
D: Greenville
E: Harper
F: Monrovia
G: Zwedru

Figure 1 *YES vs NO:* of the 1,943 respondents 95% had knowledge about the sanctions while 5% didn't. A general casting of the results showed that overall, 58% were in favor of lifting the sanctions while 42% were against lifting sanctions. On the other hand, the majority of the respondents in four of the seven areas that were polled were in favor of retaining sanctions as compared to the other three.

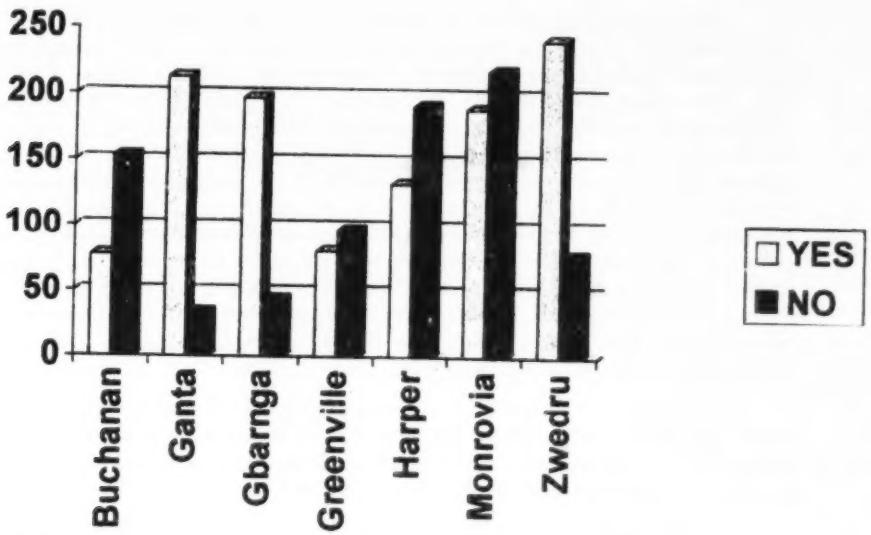


Figure 1: Do you feel the sanctions should be lifted now?

Figure 2 *Recognition of Authority vs Control:* Questioned whether they recognized the NTGL 94% respondents said *yes*. However, only 69% of respondents said they felt the interim government had control over the areas they lived.

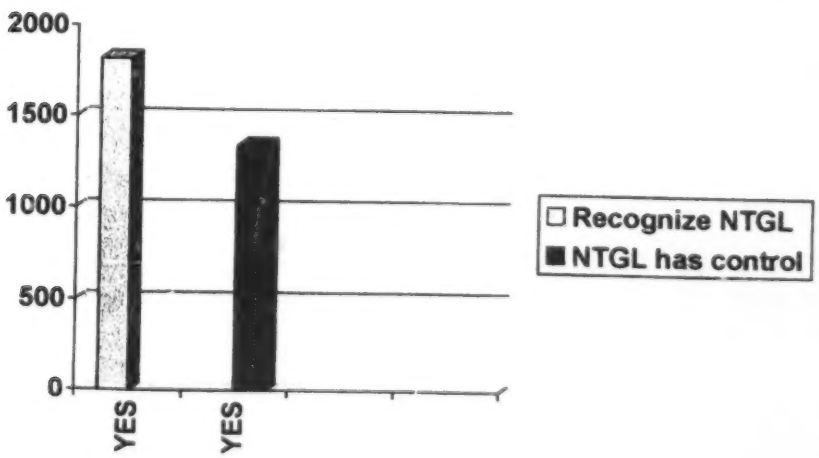


Figure 2: *Do you recognize the authority of the NTGL vs. Do you feel that the NTGL has control over the area you live?*

Annex XVI

Letter dated 16 January 2004 from the Secretary-General addressed to the President of the Security Council*

I have the honour to refer to Security Council resolution 1521 (2003) of 22 December 2003 concerning Liberia. In section B, paragraph 22, of the resolution, the Council requested me to appoint, in consultation with the Security Council Committee established pursuant to resolution 1521 (2003), a Panel of Experts consisting of up to five members, for a period of five months, to conduct a follow-up assessment mission to Liberia and neighbouring States, in order to investigate and compile a report on the implementation, and any violations of the measures referred to in section B, paragraphs 2, 4, 6 and 10, of the aforementioned resolution, including any violations involving rebel movements and neighbouring countries, and including any information relevant to the Committee's designation of the individuals described in section B, paragraph 4, and including the various sources of financing, such as from natural resources, for the illicit trade of arms, and to assess the progress made towards the goals described in section B, paragraphs 5, 7 and 11, of the same resolution.

Accordingly, I wish to inform you that, taking into account the requirements stated in resolution 1521 (2003), including that I draw, as much as possible and as appropriate, on the expertise of the members of the Panel of Experts established pursuant to resolution 1478 (2003), I have appointed the following five experts:

1. Mr. Arthur Gregory Blundell (Canada)
2. Mr. Atabou Bodian (Senegal)
3. Mr. Damien Callamand (France)
4. Mr. Caspar Fithen (United Kingdom of Great Britain and Northern Ireland)
5. Mr. Tommy Stephen Garnett (Sierra Leone)

I have also selected Mr. Bodian to chair the Panel of Experts.

I should be grateful if you would bring this information to the attention of the members of the Security Council.

(*Signed*) Kofi A. **Annan**

* Previously circulated under the symbol S/2004/40.